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TODAY'S  
STYLE  
Chicago Tribune Page 10

## 5 Korean Conglomerates Agree to Shed Subsidiaries

### Kim Persuades Leading Chaebol to 'Share the Pain'

By Don Kirk  
International Herald Tribune

SEOUL — The five largest South Korean conglomerates agreed Monday to get rid of more than half of their subsidiaries, bowing to intense government pressure aimed at restructuring the country's weakened economy.

After weeks of increasingly acrimonious negotiations, the chiefs of the heavily indebted conglomerates, or *chaebol*, and their creditor banks came to terms in a meeting with President Kim Dae Jung and his top policy-makers.

The Seoul stock index soared above the 500-point level for the first time in eight months, closing 4.85 percent higher at 514.52 points.

The agreement called for the Samsung group to yield its fledgling Samsung Motor unit to the Daewoo group and for Daewoo to give its Daewoo Electronics to Samsung. Samsung Motor has sold just 41,000 cars since beginning production in March. Daewoo Electronics, which manufactures consumer items such as television sets and refrigerators, has been operating at a loss this year amid declining domestic demand.

The agreement listed not only the core areas for each of the five largest *chaebol* — Hyundai, Samsung, Daewoo, LG and SK, in order of size — but also the number of companies that each of them must unload. Under the accord, Hyundai is to shrink to 30 companies from 63, Samsung to 40 from 65, Daewoo to 10 from 41, LG to 30 from 53 and SK to 20 from 42.

The agreement does not set a deadline for the cutbacks, but it gives the *chaebol* just one week to present detailed plans to trim back their empires.

The family-run *chaebol* will revamp their organizations to make them fit in better with a market-oriented management system, said Kang Bong Kyun, who is leading the *chaebol* reform program for the Blue House, the center of presidential power.

By agreeing to reform, Mr. Kang said, the *chaebol* have agreed to "share the pain" that has been endured for more than a year by smaller companies and workers laid off "under the IMF era."

That was a reference to the agreement reached between the government and the International Monetary Fund on Dec. 3, 1997, requiring basic reforms in exchange for an economic-bailout package of nearly \$60 billion.

An ebullient Mr. Kim said the government "finally came to a complete agreement with the tycoons," surviving a legacy of "sabotage and resistance" that had made serious restructuring of the South Korean economy impossible.

The agreement calls for an end to "growth-driven strategies based on an excessive number of affiliates and intra-*chaebol* transactions." It also calls for the top five *chaebol* to ultimately raise about 20 trillion won (\$16.48 billion) through restructuring, enough to cover about 15 percent of their debts.

John Dodsworth, senior representative for the IMF in Seoul, cautioned against excessive optimism as the *chaebol* entered a period of tough negotiations on what are known here as "Big Deals" involving exchanges of key entities as part of a restructuring. However, he said, the agreement "shows they're moving in the right direction."

Mr. Dodsworth said the process of corporate restructuring was "still at an early stage" and lamented that there had been only "limited" gains in coping with two of the conglomerates' biggest problems — cutting excess industrial capacity and reducing debts.

The Big Deals can certainly be part of the solution, he said, but "the underlying problems can only be solved over an extended period of the next several years."

Richard Samuelson, manager of Warburg Dillon Read Securities in Seoul, said that not all the reforms promised in Monday's agreement would come to pass.

"Until there's real evidence of families removing themselves from power, you have to be suspicious," he said.

The swap of Samsung Motor for Daewoo Electronics reflected the agreement's emphasis on "core areas" assigned to each of the leading *chaebol*.

The agreement still permits competition in a number of fields. Hyundai and Daewoo will still compete in motor vehicles, shipbuilding and construction, for instance.



Prime Minister Netanyahu emerging from an inspection of underground ruins on Monday.

## Clinton Stay Home! Israelis Say

### His Plans to Visit Palestinian Territory Cause a Storm

By Lee Hockstader  
Washington Post Service

JERUSALEM — He is the leader of the free world, of Israel's most important ally, of the nation that forks over \$2.9 billion annually to the Jewish state.

So as President Bill Clinton prepares for a three-day visit starting this weekend, what message are some ranking Israelis sending him?

Stay home.

What has whipped up emotions here is Mr. Clinton's plan to spend a day in the Gaza Strip, headquarters of Yasser Arafat's Palestinian Authority, plus a few hours in the Palestinian-governed

portion of the West Bank. In the view of many Israelis, the very fact that Mr. Clinton is setting foot on Palestinian-controlled soil is a major diplomatic defeat and can only advance Mr. Arafat's hopes for a Palestinian state.

"They hate the idea that the Palestinians could have any dignity," said a U.S. official who describes himself as pro-Israel. "I hate to say it, but it's true."

Naturally, the Palestinians are thrilled. What could be better for their aspirations for statehood than the potent visual impact of Mr. Clinton landing at the new Yasser Arafat Inter-

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## Crucial Test For Clinton Beginning In House

President's Men Ready Defense as Panel Nears Vote on Impeachment

By Brian Knowlton  
International Herald Tribune

WASHINGTON — White House lawyers prepared Monday to open a crucial two-day defense of President Bill Clinton that aides say will focus on exculpatory evidence ignored by the special prosecutor and on arguments that the president's sexual dalliance with a White House intern falls far short of a Watergate-style impeachable offense.

"I think the president's team again will make the case about this doesn't rise to the level of impeachment," said Joe Lockhart, the White House press secretary, on the eve of four climactic days of debate that could lead to the approval of articles of impeachment against a president for only the third time in the history of the republic.

Representative Henry Hyde, chairman of the House Judiciary Committee, said Monday that the committee could be expected to draft articles of impeachment in three areas. Asked at a news conference whether work on impeachment articles, already under way, showed that Republicans had decided on the president's guilt, Mr. Hyde said the drafting would end only after the White House presentations.

The White House, its confidence shaken, has heard new calls from both parties for Mr. Clinton to make a new expression of contrition. Some legislators now say this is the only way he can avert impeachment when the full House votes, probably Dec. 16 or 17.

Mr. Lockhart said he was "not aware of any particular plans" for Mr. Clinton to speak publicly on the matter.

White House lawyers have been given 30 hours — 15 on Tuesday and 15 on Wednesday — to make their case to the Republican-dominated committee, and indirectly to the full House.

In a letter to the committee released Monday, the White House said that Greg Craig, part of Mr. Clinton's legal team, would open the presentation Tuesday and "describe, briefly and generally, the president's legal and factual defense." After hearing from two panels of specialists, most of them legal and congressional experts, and none of them principal figures in the Lewinsky matter, the White House counsel Charles Ruff will close arguments Wednesday, the letter said.

Mr. Lockhart said Mr. Ruff would present "a good bit" of exculpatory evidence that the independent counsel Kenneth Starr omitted from his report to Congress. He said it would show that Mr. Clinton was not guilty of perjury, obstruction of justice or abuse of power, the

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## U.S. Warms To Review of Iraq Sanctions

By Barbara Crossette  
New York Times Service

UNITED NATIONS, New York — Just weeks after it went to the brink of military action against Iraq, the United States now appears willing to go along with a consensus on the United Nations Security Council and grant a comprehensive review of the sanctions against Saddam Hussein even if he has not cooperated fully with arms inspectors, diplomats say.

For months Washington has insisted that Iraq must show full cooperation with arms inspections before Baghdad can have any hope of such a review. But now, while Iraq is still far from total compliance, both the Iraqis and their strongest critics have apparently decided that there is more to gain in staging a review than in igniting a new confrontation.

Iraq has doggedly pursued the idea of a review in hopes that it will accelerate the lifting of a crippling oil embargo. On Sunday the official Iraqi press repeated the demand that the review begin soon, since inspectors have been back at work on routine tasks in Iraq for more than two weeks. They had been idled for months by Iraqi noncooperation.

On the other side, the United States and Britain believe that a review will prove again that Iraq still has much to answer for about its banned weapons programs. Such an outcome would strengthen the U.S. policy of keeping sanctions in place indefinitely.

The decision to authorize the review could come as early as next week, when Richard Butler, the executive chairman

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## AGENDA

### BAe Shares Rise After Merger Talk

Shares in British Aerospace PLC surged more than 3 percent Monday after the company said it was in "relatively advanced" merger negotiations, raising speculation the company was near completion of a deal with DaimlerChrysler Aerospace AG that would trigger a new wave of consolidation in Europe's aerospace and defense industry.

BAe's announcement followed recent indications that potential political obstacles to a merger had faded after months of discussions between the two companies. Page 11.

The Dollar		
	Monday @ 4 PM	previous close
DM	1.6795	1.6788
Yen	118.75	118.75
FF	5.6335	5.622
Pound	1.9515	1.9635
Dollars per pound		
The Dow		
	Monday close	percent change
+54.33	9,070.47	+0.60%
S&P 500		
	Monday close	percent change
+71.20	1,187.74	+0.95%
Nasdaq		
	Monday close	percent change
+2.04	2,040.88	+1.95%



GERMAN JOBS — Chancellor Gerhard Schroeder, center, flanked by Dieter Hündt for management, left, and Dieter Schulte for the unions as he opened talks aimed at cutting unemployment. Page 7.

### Venezuela Elects Chavez in Landslide

After campaigning for president on an anti-establishment, anti-corruption platform, Hugo Chavez won 56 percent of the vote. His victory reflected discontent among the poor and created uncertainty about the future of a 40-year-old democracy and Latin America's fourth-largest economy. Page 3.

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## Ireland's Limited Boom

### Economic Surge Widens the Rich-Poor Gap

By James F. Clarity  
New York Times Service

DUBLIN — Thanks to an economic boom in the last few years, Ireland is the 19th richest country in the world, with the fastest economic growth rate of any European Union nation. Immigration by people looking for work here now exceeds the perennial emigration to Britain and America.

The average annual pay has risen to the equivalent of about \$24,000 and the government announced late last month that it had taken in a record \$1.4 billion

in revenue in 1998 and expected the upward trend to continue next year. But the gap between the poor, estimated at 20 percent of the population of 3.6 million, and the well-to-do is apparently widening.

And there is a growing feeling in the grubby public housing projects, especially in Dublin, that the Celtic Tiger, as the boom is widely known, is the same old fat cat that ignores them.

Educated professionals and middle-class administrative and technical workers are thriving, crisscrossing the streets of Dublin with thousands of new cars, and their prosperity has pushed up the cost of housing by about 100 percent.

But that only makes life more bleak for people like Helen Delaney, 48, a single mother of six children who has lived for 20 years in the Ballyman high-rise public housing complex on the northern edge of the capital.

"If I found the Celtic Tiger, I'd take him down to the Dublin Corporation office and get them off their backsides, up here to do what they're supposed to be doing — fixing my flat," she said recently.

The poverty and resentment of Ballyman, where 20,000 people live, re-

## Yeltsin Visits Kremlin Just for a Mini-Purge

### Firing 4 Aides, He Returns to Hospital

By Michael Wines  
New York Times Service

MOSCOW — President Boris Yeltsin came to his Kremlin office Monday just long enough to fire four top aides and proclaim that he is retaking personal control of his government's skidding tax-collection and crime-fighting agencies.

Then he returned to a Moscow hospital, continuing a recovery from pneumonia that has stretched 15 days and seemingly rendered him an asterisk in the Kremlin power structure — at least until now.

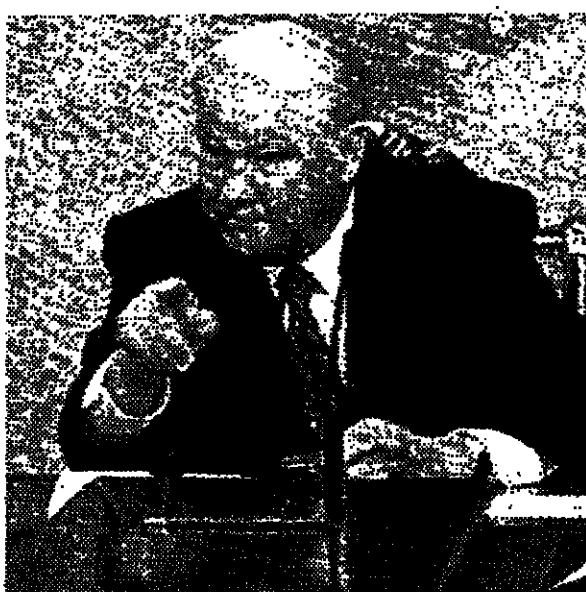
Oleg Syznev, a senior aide who often channels Mr. Yeltsin's view of things to reporters and television viewers, told the Itar-Tass news agency later that his boss was not through, but offered no specifics.

Mr. Yeltsin's official spokesman, Dmitri Yakushkin, said the president gave his staff a blunt explanation for the reshuffling. "Things are not going too well," he quoted Mr. Yeltsin as saying.

The highest-ranking aide dismissed was Valentin Yumashev, the head of presidential administration, whose job is roughly equivalent to the American White House's chief of staff.

He was replaced by Nikolai Bordyuzha, a longtime chief of the federal border guards who most recently was secretary of Mr. Yeltsin's top advisory body, the security council.

Mr. Bordyuzha will keep both jobs, an apparent attempt



President Yeltsin visiting the Kremlin on Monday.

to ensure that the defense and security officials on the security council work in lockstep with the rest of the administration.

Mr. Yeltsin also said that the heads of the federal Justice Ministry and tax-collection agency would now report directly to him instead of to Prime Minister Yevgeni Primakov. Mr. Yakushkin said the shift was coordinated with Mr. Primakov and did not signal any unhappiness on Mr. Yeltsin's part with his latest second-in-command.

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Newest Prices		
Bahrain	1,000 BD	55 C
Cyprus	C 1.100	1260 Naira
Denmark	17 DKR	1.260 CR
Finland	12.00 FM	10.00 CR
Gibraltar	2.085 GIP	1.110 CR
Great Britain	UK £1.00	1.10 SR
Japan	¥120.00	1.10 SR
Korea	₩1,100	1.10 SR
U.S.	\$1.00	1.10 SR
U.S. (Mex.)	\$1.00	1.10 SR
U.S. (Mex.)	\$1.00	1.10 SR
U.S. (Mex.)	\$1.00	1.10 SR

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## First Lady Charms the Media / Deposits in the Favor Bank?

## In N.Y., Mrs. Clinton Is the Toast of the Town

By Alex Kuczynski  
New York Times Service

NEW YORK — Last week, the first lady came to town to light the five and a half miles of lights strung to the branches of the Rockefeller Center Christmas tree. While she was in Manhattan she also electrified a clutch of the town's media executives. It was a most worthwhile schmooze for all involved.

During a week when she appeared on the cover of *Vogue* magazine's December issue — the first time a first lady had done so — Hillary Rodham Clinton swept through the media world, having lunch with editors from *Time*, *Teen* People and *People* magazine on Tuesday, greeting a table of *Vogue* editors at breakfast on Wednesday, and delivering a 15-minute oration in praise of Harvey Weinstein and his media company, Miramax Films, on Thursday.

You will be reading more about Mrs. Clinton very soon. Newsweek and *Time* magazines are working on profiles of the first lady for the end of the year, and she is under consideration by *Time* to be its Person of the Year, although that will depend on how the impeachment proceedings of her husband, President Bill Clinton, are resolved. (If he is impeached, she will not be considered; if he is not, she will be.)

Mrs. Clinton's visit demonstrated the fact that magazine editors need famous faces to generate a little heat and light for their publications. They can feed off the prestige of the first lady while she uses them as a vehicle to support her favorite causes. And it also showed that, at least in the case of Mr. Weinstein, a generous campaign contributor, the principle of the favor bank is as alive and well in the world of media as it is in the political arena.

She called him "my friend Harvey." And he said she was "the first lady of all our hearts." (The actress Gwyneth Paltrow, however, was the first lady of Miramax, Mr. Weinstein said.)

Carl Siffranza Anthony, a biographer of first ladies, said Mrs. Clinton had only recently begun to deal with the media in a way that was both shrewd and yet comfortable for her. For example, the *Vogue* cover article — something coveted but never attained by Nancy Reagan — would not have been possible until this year.

"As she has become more comfortable with the reality that she has been made into a symbol upon which everyone can write all of their frustrations and aspirations, and she has accepted this creation of her as a symbol, she has become more comfortable with the media," Mr. Anthony said. "And thus more comfortable with the lengthier and more in-depth kind of story that a magazine would do."

By sitting for the cover of *Vogue*, Mrs. Clinton generated a storm of international press so thick that the *Vogue* publicity department sent it out in a binder. Anna Wintour, editor-in-chief of *Vogue*, said the magazine sold 900,000 newsstand copies of the October issue, which featured Oprah Winfrey as its cover model. Mrs. Wintour said she expected Mrs. Clinton's cover to exceed the Winfrey cover in newsstand sales.



Mrs. Clinton entering the premiere of 'Shakespeare in Love' in New York with Harvey Weinstein, co-chairman of Miramax Films, and the actress Gwyneth Paltrow.

"The press hit way before the issue was out, and now we can only keep our fingers crossed," Ms. Wintour said.

*Vogue*, a Condé Nast publication, validated Mrs. Clinton in a way that no other venue could: The article, written by the historian Ann Douglas, scarcely touches on the Monica Lewinsky debacle, choosing as its frame Mrs. Clinton's devotion to historic preservation. Mrs. Clinton gets to appear on the cover of a fashion magazine in a velvet dress, looking self-assured and — perhaps most important — well-coiffed.

"People have seen it as a vindication for her, that being on the cover of *Vogue* is beyond power and politics," Ms. Wintour said. "It proves in a way that she is a woman of stature and an icon to American women."

Score: *Vogue*, one. Mrs. Clinton, one.

ON TUESDAY, Mrs. Clinton spoke at a lunch given by Ann Moore, president of the People's division of Time Warner, and by Patricia Fili-Krushel, president of the ABC Television Network. Mrs. Clinton sparked waves of murmurs as she walked into the room with her *Vogue* makeover. She wore a slate-gray suit with a cluster of glittering red beads twisted around her neck, and her hair was smooth and straight, in the same sleek, I-will-survive hairstyle that Princess Diana adopted in the pages of *Harper's Bazaar* after her divorce from Prince Charles.

The lunch was ostensibly to celebrate Mrs. Clinton's work with the National Campaign to Prevent Teen Pregnancy, but Mrs. Clinton — standing at a lectern emblazoned with the bright blue *Teen* People logo before a bank of news camera crews — praised *Teen* People "and its 10 million readers" for the magazine's articles on teenage celibacy.

Mrs. Clinton, in turn, got to gather a roomful of influential people in broadcast news (such as Lesley

Stahl, Barbara Walters and the entire cast of ABC's mid-morning talk show for women, "The View") and print (Time's managing editor, Walter Isaacson, and editors from every major magazine and *Hearst* Magazine's *Ladies Home Journal*) and ask them to send the message of teenage celibacy to readers.

She also urged Ms. Fili-Krushel to infuse plots of ABC network shows with the same message. After lunch, everyone was given a coffee mug, a reprinted article about teenage pregnancy from *Teen* People wrapped in a shot of a dreamily gazing Leonardo DiCaprio, and a copy of Mrs. Clinton's book "It Takes a Village."

Score: *Teen* People, one. Mrs. Clinton, one.

On Thursday evening, Mrs. Clinton walked into the Ziegfeld theater for the premiere of the Miramax film "Shakespeare in Love" on the arm of Mr. Weinstein, who is co-chairman of Miramax with his brother, Bob, and is a generous contributor to the Democratic Party and the Clinton Legal Expense Trust.

Mrs. Clinton further earned the devotion of Mr. Weinstein. As the first lady walked to the stage, a thousand folding movie theater seats simultaneously flipped up for an ovation, with a noise that sounded like a flock of large sea birds taking off. She delivered a speech praising the 20-year history of Miramax, and spoke about how much she and the president enjoy watching Miramax movies in the White House screening room.

"Harvey and Bob have really given us a lot of pleasure," she said. "They've raised the bar for excellence." She spoke about the "buzz" behind Miramax movies and media ventures, and said the Miramax company "has done a great service."

Mr. Weinstein blushed like a newlywed.

Score: Mrs. Clinton, one. Miramax, one.

Mr. Anthony, the biographer, said Mrs. Clinton had learned to be at ease with the press over the last six years. When the couple first arrived at the White House, he said, it was not a personal priority for her to get attention from the magazine world.

"Now, it's a matter of maybe acquiescing more, in rounding out the picture of being first lady," he said. "I think she's realized that there is a halfway point."

Ms. Douglas, the author of the *Vogue* profile, said she was surprised by the article's eventual status as the cover piece. Ms. Wintour had not initially intended the article that way, and by late summer, Ms. Douglas had assumed that *Vogue* would cancel the piece.

"When the scandal heated up, I assumed it was dropped," Ms. Douglas said. Actually, the opposite happened. Ms. Wintour thought the Lewinsky affair made the article more important.

Ms. Douglas pointed out that the cover was especially successful in light of the Democratic Party's gains in the November elections.

"Just think how she would have looked on the cover of *Vogue* if the Democrats had lost," Ms. Douglas said. "My original title for the piece was 'The Triumph of Hillary Clinton.' And they didn't go with that. But putting her on the cover said it anyway."

## In Beijing, a Long Wait For Indifferent Justice

By Erik Eckholm  
New York Times Service

BEIJING — The area around the Petitions and Appeals Office on the south side of Beijing looks like any Skid Row. Loitering on sidewalks, along the sides of a nearby canal and in the lobby of a train station are hundreds of elderly men and women in frayed, dirty clothes. In the icy weather they sleep in shoddy tents of canvas or plastic, and they cook food scrounged from garbage over open fires and use the streets or the canal for a toilet.

But these are not ordinary derelicts, and the streets are not littered with broken wine bottles. Carrying on an ancient Chinese tradition, these sorry-looking people have come from the provinces with little money but an all-consuming mission: to petition the supreme rulers for redress of heartfelt grievances — from alleged thefts by corrupt local officials to pensions denied.

So many of the street people are elderly because their complaints, still unresolved, date back to the Cultural Revolution of 1966 to 1976, when millions who were persecuted by Maoist mobs lost property, jobs, even their lives. Some petitioners have hung around the national Petitions and Appeals Office for 20 years, repeatedly turned down by officials who cannot, at this point, see how to help them.

A typical petitioner is Dong Xianlan, a 78-year-old woman from the northeast who appears neatly dressed for a person who has lived under a bridge for 15 years. She started her quest in the late 1970s, first making trips to Beijing when officials in her home county refused to help — "They acted like lords, demanding that I give them money" — then moving here for good in 1983.

She says that because of bureaucratic mistakes her husband, a Communist Party member and a fighter in the People's Liberation Army in the war against Japanese invaders, was not awarded his proper pension when he was discharged in the 1950s. Then in 1968, Red Guards called her husband a "capitalist road" and beat him to death, she says, leaving her and their three children penniless and tainted by association.

"I'm not asking for another life in return for the life of my husband," she said, clutching her husband's army discharge card and a stack of battered letters from a succession of offices that denied them jurisdiction in the case. "I'm just asking for the compensation my husband was entitled to."

Now, she says, the appeals court is refusing to help because she lacks proper personal documents and cannot afford to get them. But she continues to make fruitless visits to the office every day and survives by begging or eating discarded food.

When China lacked a formal legal system, appealing directly to higher authorities was the main means of seeking redress for grievances. When the Communists took over in 1949, they continued the tradition, with formal appeals offices in the provinces and, for those who were still not satisfied, in Beijing.

The practice reached a peak in the late 1970s, after Mao's death and the end of the Cultural Revolution, when hundreds of thousands of people each year appealed through these offices to have their political condemnations reversed or to be compensated for lost property.

Many were successful. But some, for one reason or another, failed to win their cases. And some, like the tenacious petitioners living around the appeals of-



Dong Xianlan, 78, showing some of her papers in her quest in Beijing to gain her late husband's pension.

fice, have never given up trying. Clusters among the old people with 20-year-old cases, there are several younger men who recently traveled from villages and keep busy writing up their petitions.

Some said they were here because corrupt local officials had failed to give them disaster relief payments they were due.

But resort to this appeals office has dwindled as China has begun to develop its legal system. More and more, people with any money or bureaucratic savvy turn to other means — lawsuits, exposure in the news media or group demonstrations — to fight official mistakes or misdeeds.

Still, the Petitions and Appeals Office, now something of a backwater, remains besieged with the human flood from a period that many Chinese would just as soon forget. The aging petitioners persist with the burning quests that consume their lives.

"My complaint is very deeply rooted," said Hao Chengyou, 63, interviewed inside his tent of plastic sheeting under a bridge. "But if they would even give me half of what I am asking, I would be satisfied."

Mr. Hao said he had worked at a petrochemical plant in the northeast, in Heilongjiang Province. But in the 1960s he was laid off and then supported his family by selling milk from their cow. Because of that, in 1967 Red Guards labeled him a "capitalist road," took the cow and sent him to the hinterlands.

Ever since, Mr. Hao has appealed in his home province and in Beijing for a pension for his years as a state industrial worker and for payment for that cow. County officials now deny he ever owned a cow, he said indignantly. "The cow was pregnant when they took it," Mr. Hao said. "So they actually owe me for two cows."

Why Beijing officials have tolerated these unmet petitions for so long is something of a mystery. Perhaps some think, they feel pity, or even a bit of guilt.

Not everyone does, though. In a street-side stall selling hats and gloves near the appeals office an exasperated vendor waved her arm toward the petitioners strewn along the sidewalk with their carts and bags of possessions and said, "The police should just get rid of them."

But whatever the reason they have been allowed to remain, the petitioners themselves do not feel grateful. "My husband fought for the revolution for many years," Mrs. Dong said. "But now nobody has any sympathy for my misfortune."

## TRAVEL UPDATE

## Singapore Air Won't Reroute Flights

SINGAPORE (APF) — Singapore Airlines Ltd. said Monday that it would not need to reroute flights or reduce payloads following a U.S. aviation directive that effectively limits how much fuel a Boeing 747 jetliner can carry.

The U.S. Federal Aviation Administration issued an emergency order Thursday to operators of Boeing 747s to maintain minimal fuel in the jumbo jets' center tank during flight to prevent sparks and explosions. At least two Asian airlines have said that the order would require refueling stops on some of their flights serving the United States.

Singapore Airlines operates 49 747s of various models. A spokesman said the company was still studying the directive.

## A Plea for End to French Rail Strike

PARIS (AP) — Saying their strike was hurting both clients and the company, the head of the state-run French railroad called on employees Monday to return to work as their

walkout hobbled service for the 11th day. Striking conductors are demanding an additional 600 employees.

The SNCF executive, Louis Gallois, said the 1999 budget would provide "stability in the number of personnel" for the first time in 17 years, though he said he could not provide specific figures. "Conductors are demanding more personnel," he added. "We have indicated that in 1999 conductors' jobs will very likely be on the increase compared with 1998."

The strike affected service in 17 of the 23 rail regions but did not block the cross-Channel Eurostar, service between Paris and Brussels and most trains serving the Paris region.

## Greek Culture Workers Will Strike

ATHENS (Reuters) — Culture Ministry workers in Greece plan a 48-hour walkout starting Tuesday that threatens to shut most museums and archaeological sites in the country.

The workers are protesting government plans to merge their pension fund with other state funds.

The Federation of Culture Ministry Employees also threatened to call a further strike if the government did not take action. But it said a skeleton staff would be on hand at sites to deal with emergencies.

## Air Algerie Returns to the Skies

ALGIERS (Reuters) — Air Algerie workers ended a strike Monday after management promised to cancel an overhaul plan that called for cutting one-third of the 9,000 workers.

"Traffic resumed at all airports across the country as we ended the stoppage early Monday," a union official told state radio.

The strike, which grounded all of the state-owned airline's 40 planes, paralyzing air traffic in Algeria, began Sunday.

A strike by firefighters shut the Strasbourg airport Monday, airport officials said. Air France passengers were shuttled by bus to other airports, while the Belgian airline Sabena and the German airline Lufthansa canceled flights. The firefighters, who were hired by a subcontractor on three-year contracts, are demanding full employee status. (Reuters)

Environmental activists dumped a can of asphalt Monday in the garden of the Haarlem home of the Dutch transportation minister to protest plans to expand Amsterdam's Schiphol Airport. The government, which owns most of the airport, will give its view this month on a request by the airport and KLM Royal Dutch Airlines to add a fifth runway at Schiphol. (AP)

## Central Sweden Is Snowed In

Agence France-Presse

STOCKHOLM — Central Sweden was struggling Monday to dig out of what was believed to be one of worst snowstorms here since World War II.

In the city of Gävle and in parts of northern Sweden, roads were impassable and many people remained stranded in their cars as tracked vehicles were called in to evacuate them.

Schools and offices were closed and only hospital emergency services were open in Gävle, where one meter of snow had fallen, a record for December.

## WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

## Europe

City	High	Low	High	Low	High	Low
Amsterdam	42	32	42	32	42	32
London	42	32	42	32	42	32
Paris	42	32	42	32	42	32
Rome	42	32	42	32	42	32
Madrid	42	32	42	32	42	32
Barcelona	42	32	42	32	42	32
Brussels	42	32	42	32	42	32
Frankfurt	42	32	42	32	42	32
Munich	42	32	42	32	42	32
Zurich	42	32	42	32	42	32

## North America

City	High	Low	High	Low	High	Low
New York	42	32	42	32	42	32
Los Angeles	42	32	42	32	42	32
Chicago	42	32	42	32	42	32
San Francisco	42	32	42	32	42	32
Seattle	42	32	42	32	42	32
Portland	42	32	42	32	42	32
San Jose	42	32	42	32	42	32
San Diego	42	32	42	32	42	32
Phoenix	42	32	42	32	42	32
Las Vegas	42	32	42	32	42	32

## Asia

City	High	Low	High	Low	High	Low
Tokyo	42	32	42	32	42	32
Seoul	42	32	42	32	42	32
Beijing	42	32	42	32	42	32
Shanghai	42	32	42	32	42	32
Manila	42	32	42	32	42	32
Bangkok	42	32	42	32	42	32
Jaipur	42	32	42	32	42	32
Delhi	42	32	42	32	42	32
Mumbai	42	32	42	32	42	32
Colombo	42	32	42	32	42	32

## Africa

City	High	Low	High	Low	High	Low
Cairo	42	32	42	32	42	32
Nairobi	42	32	42	32	42	32
Accra	42	32	42	32	42	32
Abuja	42	32	42	32	42	32
Windhoek	42	32	42	32	42	32
Harare	42	32	42	32	42	32
Maputo	42	32	42	32	42	32
Luanda	42	32	42	32	42	32
Windhoek	42	32	42	32	42	32
Harare	42	32	42	32	42	32

## Latin America

City	High	Low	High	Low	High	Low
Mexico City	42	32	42	32	42	32
Buenos Aires	42	32	42	32	42	32
Sao Paulo	42	32	42	32	42	32
Caracas	42	32	42	32	42	32
Medellin	42	32	42	32	42	32
Bogota	42	32	42	32	42	32
Lima	42	32	42	32	42	32
Quito	42	32	42	32	42	32
La Paz	42	32	42	32	42	32
Asuncion	42	32	42	32	42	32

## Oceania

City	High	Low	High	Low	High	Low
Sydney	42	32	42	32	42	32
Melbourne	42	32	42	32	42	32
Brisbane	42	32	42	32	42	32
Perth	42	32	42	32	42	32
Auckland	42	32	42	32	42	32

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## THE AMERICAS

# Clinton Acts Bipartisan To Salvage His Agenda

With Time Running Out to Make His Mark, He Extends Hand to Moderate Republicans

By John F. Harris  
Washington Post Service

WASHINGTON — While many Republicans last week were talking about how they want to remove President Bill Clinton from office, he stood before the cameras on the White House South Lawn to say what he would like to do with them: reach "across party lines to create a new season of achievement and progress for the American people."

The ill will at the White House toward congressional Republicans these days is every bit as strong as their sentiments say they are focused on a larger reality: While Mr. Clinton's ability to remain in office after a year of personal scandal looks secure, his ability to use that office productively requires him to repair relations rapidly with the Republican Party, especially with its more moderate members.

Even amid the tangle of impeachment proceedings, there is a growing sense in the White House that early 1999 offers a decent chance — probably the last one Mr. Clinton will have as president — to enact the large domestic agenda that, for the most part, eluded him this year.

Mr. Clinton, who came into office largely on the strength of domestic policy, has a relatively small window for reviving his legislative influence and enacting proposals before the 2000 presidential politics begin in earnest. He intends to use the first half of next year to revive two major proposals from last year — anti-smoking legislation and a "bill of rights" for patients of health maintenance organizations — and, most ambitiously, to push a long-term overhaul of Social Security.

The president's theory is that a combination of the mostly united congressional Democrats and of moderate Republicans eager to compromise to pass legislation will result in centrist majorities on an issue-by-issue basis.

"I think," said John Podesta, White House chief of staff, "this is a moment in which there is a realistic chance to build a bipartisan consensus for the very substantial agenda we will put forward."

Some moderate Republicans endorse the same political logic. "We certainly want to move ahead in a pragmatic way to deal with the issues," said Representative Marge Roukema of New Jersey. "The last two or three years we've been drawing too many lines in the sand."

But considerable obstacles could block the president's plan. Mr. Clinton has not had an impressive record of passing controversial legislative items to passage, with prominent setbacks, including

the collapse of his first-term health care proposal and the demise of his youth anti-smoking package last summer.

Social Security reform, which will be at the top of his domestic agenda next year, is a politically problematic issue under the best of circumstances. It is even more so given the deep mistrust between Mr. Clinton and Republicans on the issue of social entitlements. Republicans bitterly recall how the president used the issue of Medicare against them in 1996, when he lashed them as heartless extremists for their plans to limit spending in the soon-to-be-broke health care program for senior citizens.

To fashion a cooperative working spirit on Social Security, the White House will sponsor a symposium on the issue this week, including Republicans.

Mr. Clinton, aides said, strongly wants to enact Social Security reform as part of his domestic legacy. But some congressional Democrats, as well as some Clinton advisers, see much less urgency for attacking significantly a popular program that, while facing worrisome demographic trends, is not projected to go bankrupt for another 30 years. These go-slow voices are especially wary of changes that would involve according to any of the various Republican proposals to allow individuals to direct portions of their Social Security contributions into stocks.

Already, the administration's internal deliberations about Social Security revolve around how to manage the political sensitivity of the issue. Mr. Clinton faces both a tactical question and a strategic one. The tactical one is whether he should make a specific proposal next year on revamping Social Security, or whether he should lay down broad principles of what he finds acceptable and let specific ideas emerge from Congress.

The strategic debate is how accommodating Mr. Clinton should be to various Republican innovations that would, to greater or lesser degrees, "privatize" Social Security.

Treasury Secretary Robert Rubin is especially hostile to ideas that would have Social Security funds mingled with equity markets, administration officials said. Gene Sperling, the national economic adviser, eager to preserve Mr. Clinton's flexibility for deal-making with Republicans, has advocated keeping a door open to Republican experiments for Social Security.

Mr. Clinton was leaning toward just outlining ideas, but as senior aides have surveyed the political landscape since the election, it has become more likely that he may provide a more detailed plan, administration officials said.



President-elect Hugo Chavez arriving at a meeting Monday in Caracas.

## Mexico Weighs Giving Vote To Its Nationals in the U.S.

By Sam Dillon  
New York Times Service

TITUANA, Mexico — It is the year 2000. Millions of Mexican immigrants line up outside polling places, not only in Los Angeles, Brooklyn and other major locations in the United States where Mexicans have settled but in hundreds of towns across the country, preparing to vote in Mexico's presidential elections.

Thousands of Mexican election officials have fanned out across the United States to supervise the balloting, which caps a campaign in which candidates barnstormed through Mexican population centers in dozens of American states. They lambasted U.S. policies, narcotics and other matters.

Fiction? No, this is the scenario that emerges from a recent Mexican government study, which, at the request of the Mexican Congress, offers detailed logistical options and budgetary estimates for extending the vote to the estimated 10 million Mexicans living in the United States.

"It is viable," the report concludes. Millions of potential voters are at stake, perhaps 15 percent of the Mexican electorate, and the Mexican Congress must decide in coming months whether to approve any of the options the report outlines.

In the month since the report was published, opposition leaders have praised its proposals as a long-overdue attempt to extend suffrage to migrant workers who have been disenfranchised both in Mexico and the United States. But President Ernesto Zedillo's allies in the governing Party of the Institutional Revolution, known as the PRI, have lambasted them as too costly and complicated.

For whom would Mexicans north of the border vote? The conventional wisdom holds that they would favor the opposition because many migrants are thought to blame the PRI for the economic problems that forced them to leave.

## U.S. Cuts Iran And Malaysia From Drug List

The Associated Press

WASHINGTON — President Bill Clinton removed Iran from the official list of drug problem countries on Monday, concluding that Tehran had carried out a successful program to eradicate opium poppies.

In a letter to members of Congress, Mr. Clinton said that while Iran continued to serve as a transit point for opiates heading for Europe, there was no evidence to suggest that significant quantities were arriving in the United States.

Mr. Clinton also deleted Malaysia from the list on grounds that it has not been used significantly as a transit point for U.S.-bound drugs. By deleting Iran and Malaysia, the list of drug problem countries was reduced to 28.

Mr. Clinton's finding comes at a time when the administration is reaching out to Iran, trying to establish a political dialogue for the first time in almost two decades. But officials insisted that politics did not intervene in Mr. Clinton's decision.

Mr. Clinton's determination was disclosed in a letter to key members of the House and Senate international relations and appropriations committees.

Each year, the White House is required to report on countries that are either drug-source or drug-transit countries, or both. Those found to be not fully cooperating with U.S. counternarcotics efforts can be subject to economic penalties.

Iran has been on the U.S. list as a major drug producer since 1987. Mr. Clinton's letter said Iran over the last few years had "reported success in eradicating illicit opium poppy cultivation." Opium poppy is the raw material from which heroin is derived.

A U.S. government review of Iran's claims "found no evidence of any significant poppy cultivation in the traditional growing areas," Mr. Clinton wrote.

## Radical Populist Swept Into Office in Venezuela

Leader of Failed Coup in 1992 Gets 56%

By Serge F. Kovaleski  
Washington Post Service

CARACAS — Six years after he led a failed coup attempt, Hugo Chavez, a radical populist and former paratrooper, was elected president of Venezuela in a landslide.

His victory Sunday reflected discontent among the poor with the political establishment and created uncertainty about the future of a 40-year-old democracy and Latin America's fourth-largest economy.

With 78 percent of returns counted, Mr. Chavez had received 56.4 percent of the ballots cast, compared with 39.5 percent for his challenger, Henrique Salas Ronder, a Yale-educated economist and former state governor who was considered more moderate.

Mr. Chavez will succeed Rafael Caldera, 82, who was constitutionally prevented from seeking another five-year term.

"Venezuela is being born again," Mr. Chavez, 44, declared. As his supporters blared car horns and set off fireworks in the streets of this capital, he made an appeal for calm and vowed to pursue prudent economic policies.

Throughout the day, balloting was reported to be peaceful around the country, although security forces were placed on high alert.

"Long live Chavez. The people have finally won something," said Jose Cortes, who is 26 and unemployed, as he joined a group of Chavez supporters in central Caracas.

The election marked the first time in 40 years of democracy that the two traditional parties, Democratic Action and the Social Christian Party, did not field a presidential candidate. Mr. Chavez's victory will end four decades of domination by the two parties, which have been assailed for corruption, mismanagement of the country's oil wealth and catering to a small elite.

Mr. Chavez, who tried to overthrow the democratically elected government of Carlos Andres Perez in 1992, drew his support largely from among the poor majority, waging an anti-corruption platform that called for radical political and economic reforms. His campaign rhetoric was interpreted as critical of free-market economics — and sometimes dictatorial — at a time when the region has been embracing more liberal economic policies and greater democracy.

Mr. Chavez vowed to dismiss the head of the state-run oil company and proposed restricting the expansion of the

petroleum sector and foreign investment in the industry. Venezuela is the world's fifth-leading petroleum producer and the second-leading supplier of crude oil to U.S. markets after Saudi Arabia.

He also suggested declaring a moratorium on repaying the country's \$22 billion foreign debt and vowed to create a constituent assembly that he said would be more representative of the people than the Venezuelan Congress and would root out government corruption. In a wide-ranging news conference Sunday night, Mr. Chavez emphasized his agenda for political and economic change. But he noted that voters do not think he is "a messiah and a type of magician" able to "solve all the immense social, economic, political and moral problems that are weighing on this country."

Striking a conciliatory note toward his political enemies, he said, "I extend my hand to everyone." But he also paid homage to those who took part in two coup attempts in 1992.

Mr. Chavez's opponent, Mr. Salas, considered more amenable to free-market principles, also tried to distance himself from the establishment, although the two major parties officially backed him last week after dumping their original choices in a desperate effort to head off Mr. Chavez.

"These are historic elections," the U.S. ambassador, John Maisto, said before the vote. "No matter who wins," he said, "the issue is governability — what they are going to do to make this country work." He also noted that, despite its oil wealth, Venezuela will continue to need investment.

The possibility of a Chavez presidency had already made many investors uneasy, prompting some to sit on the sidelines while awaiting the outcome of the election and others to pull out of the country outright.

Mr. Chavez must now contend with the deepest financial crisis Venezuela has faced in more than a decade. The government has a \$5 billion budget deficit, and the economy has been battered by slumping oil prices, leading to the erosion of health care, education and social services. Inflation stands at 65 percent, and an estimated 75 percent of the nation's 23 million people live in poverty.

Among his core supporters, however, anxiety was not an issue. After casting his ballot, a construction worker, Alfredo Calderon, exuberantly described Mr. Chavez as "the only one who can save us from 40 years of democracy that has not done anything."

## POLITICAL

### Ex-Congressman Reveals He Is Gay

WASHINGTON — Michael Huffington, the Republican who spent \$28 million on a failed Senate candidacy in California, says now that he is glad he lost because it has allowed him to reveal a long-held secret: He is gay.

"I know now that my sexuality is part of who I am," Mr. Huffington is quoted as saying in an article by David Brock, a longtime friend, in the January issue of Esquire magazine. He added: "I've been through a long process of finding out the truth about me."

Mr. Huffington, 51, was divorced last year from the columnist and socialite Arianna Huffington. The article says he told her of his past homosexual activity before they were married.

There is no small irony in the decision by the former congressman, a staunch conservative, to tell his story to Mr. Brock. Mr. Brock, a fellow conservative, struggled with the decision to disclose his own homosexuality in a 1994 interview with The Washington Spectator about President Bill Clinton's sex life in Arkansas, for which he has since apologized.

Mr. Brock says he interviewed Mr. Huffington for more than 20 hours. "It's extremely painful and difficult for him even to talk to me about it," Mr. Brock said. "He didn't blurt all this out in the first 15 minutes."

According to the Esquire piece, Mr. Huffington says he began dating men in the 1970s and became "guilt-ridden and depressed" over the relationships. He also continued to date women, and at one point he made a private vow to stop sleeping with men.

The Huffingtons were married in

1986. Six years later, in what was the most expensive House race in history, Mr. Huffington spent \$5.4 million to win his California seat.

Also in the Esquire article, Mr. Huffington said that he was not sure if he is a Republican anymore and that he would never run for political office again.

### Republican Hopeful Adjusting Ideology?

NEW YORK — Ever since he said he might seek the Republican Party's nomination for president in 2000, Senator John Ashcroft of Missouri has been angling hard for the support of the religious right.

Always solidly conservative, he has repeatedly punched the buttons that most energize Christian conservatives — no more abortions, no more federal financing for the arts, no more immorality in high office.

But a few days ago, Mr. Ashcroft suddenly made a major adjustment in ideological course, one that turned heads and has left some members of the religious right angry.

In a speech to the Detroit Economic Club, a powerhouse collection of businessmen, he veered back to the political center, taking a swipe at the religious right on the way.

The Republican Party, he warned, is fast approaching the point where "the things that are dividing us are defining us." Then he added: "We must never confuse politics and piety. For me, it is against my religion to impose my religion."

Thereafter, he talked only economics to the economics crowd. Not once did he mention abortion, federal support for the arts or the Clinton-Lewinsky scandal.

Centrally condemned homosexuality. The bishops voted overwhelmingly in August to oppose the ordination of practicing gays, saying homosexuality was "incompatible with Scripture." The Los Angeles Episcopal Diocese voted 203 to 105 against that position. Its priests have been blessing same-sex unions for 10 years without waiting for approval. (AP)

An American Airlines jet with 85 passengers on board made an emergency landing at the Raleigh-Durham International Airport in North Carolina on Sunday after the pilot reported fumes in the cockpit, an airport spokesman said. The fumes were determined to have come from a malfunctioning lighting fixture. (Reuters)

### Away From Politics

At least 100 residents were evacuated in a half-mile radius after a tractor-trailer crashed along Interstate 26 in western North Carolina and spilled sodium hydrosulfite, a highly volatile and toxic chemical. The truck overturned and sparked a fire that was still burning Monday. (AP)

Ranchers in western Arkansas were put on alert after two horses were stabbed to death and eight others were injured over the weekend. Some of the horses were lured with food to the front of their barn stalls before being attacked, a police officer said. (AP)

Episcopalians in Southern California voted to oppose a resolution by the world's Anglican bishops that es-



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## INTERNATIONAL

## NATO Looks for Harmony in Brussels Meeting of Foreign Ministers

By Joseph Fitchett  
International Herald Tribune

PARIS — NATO foreign ministers meeting Tuesday in Brussels will attempt to harmonize the alliance's recent string of successes in wielding military and diplomatic power with calls in Washington and in some European capitals for new initiatives to enliven the organization's agenda, Western officials said Monday.

The leaders "are looking for a tone as much as for specifics," an alliance official said, to frame the summit conference in Washington next spring to mark NATO's 50th anniversary.

Some of the challenges spring directly from the alliance's recent achievements, including its readiness to intervene in Kosovo and the smooth expansion to include some former communist countries.

The three countries tapped to become new members — the Czech Republic, Hungary and Poland — now seem set to join almost immediately, months ahead of the original target date at the April summit meeting. Expansion has been ratified by all 16 members — the Netherlands, the last, gave formal approval last week — and only minor changes remain before the three join.

Their adhesion has increased the

pressure on North Atlantic Treaty Organization governments to respond to the demands for membership from nine other European nations that have applied, and the foreign ministers will probably spend much of their discussions seeking a formula that keeps open the door to all the new democracies — while avoiding any timetable.

Several European officials in Brussels pointed out that new members must bring extra military capability to the alliance and not simply expect a security guarantee.

Appeals for Europe to do more in NATO also underlie a British-French call for greater autonomy for the Euro-

pean allies, an initiative that Washington will address for the first time at the meeting in Brussels.

Foreign Minister Joschka Fischer of Germany, making his debut in an alliance forum, is expected to repeat the view held by his Greens party that NATO should revise its stance and renounce first use of nuclear weapons.

If the topic is formally introduced, NATO will be obliged to schedule a debate on nuclear doctrine, something that Washington has resisted but that is wanted by several allies, including Canada and Norway. "We can't just stick with exactly the same language we had right at the Cold War's end," an

ambassador said. On nuclear issues, he and others said, small adjustments in language will probably suffice.

Similarly, he said, U.S. insistence on NATO's ability to operate anywhere, even without UN Security Council approval, can best be met with a phrase about "protecting the allies' interests and not just their territory."

Already, diplomats said, the Clinton administration has settled for a new clearinghouse in NATO to work on proliferation threats, retreating from an earlier effort to treat weapons of mass destruction as a challenge that could unify the alliance in the way that Soviet power did during the Cold War.

## Gabon Leader Takes Lead in Voting Round

Agence France-Presse

LIBREVILLE, Gabon — President Omar Bongo had a wide lead over his two main challengers in Gabon's presidential polls, partial results showed Monday, but opposition candidates claimed electoral fraud.

Mr. Bongo won the most votes in five polling centers in Libreville, ahead of Pierre Mamboundou, the candidate of the High Resistance Council, a coalition of five parties, and Paul M'be Abessole of the National Woodcutters Rally.

Early results from these centers in two of the capital's six districts gave about 60 percent of the vote to Mr. Bongo, 20 percent to Mr. Mamboundou and 20 percent to Mr. Abessole, with the other five candidates taking the rest.

Libreville accounts for almost 40 percent of the West African country's 595,000 registered voters, who went to the polls in the first round of the election on Sunday. Complete results will not be in until Wednesday, and only then will it be clear whether Mr. Bongo has been re-elected outright for a new seven-year term or whether he faces a runoff against the best-placed opposition candidate.

But three opposition candidates denounced what they described as organized fraud in the election.

Pierre-Andre Kombila, the leader of one of the two main factions of the Woodcutters Rally, claimed that cheating was rampant by means of "parallel electoral lists, the distribution of false voter cards, and false passports."

Mr. Kombila also said "a Rally activist remained in the hospital on Monday morning after being badly beaten by members of a rival Rally faction."

Mr. M'be Abessole warned that a first-round victory for Mr. Bongo, who has been in power for 31 years, would mean "massive fraud, which could cause tension in the country."

## General's Party Wins in Nigeria

Agence France-Presse

ABUJA, Nigeria — Leaders of the People's Democratic Party celebrated their victory in local elections as results released Monday confirmed it as Nigeria's leading political force.

The party, an alliance of politicians from across Africa's most populous country, won control of more than 50 percent of the councils in the country in an election contested by nine political parties Saturday. The party's presidential candidate, General Olusegun Obasanjo, considered the front-runner in the national elections to be decided Feb. 27.

Other parties that did well were the All People's Party and the southwest-based Alliance for Democracy, according to results released Monday, which covered all but a few councils.

"We are celebrating," a People's Democratic Party official in Abuja said. The party is now in prime position for state, legislative and presidential polls next year, said a party worker said.

General Obasanjo, a former military ruler, was huddled with advisers to assess the results, officials said.

The People's Democratic Party, the All People's Party and the Alliance for Democracy are all expected to be allowed to compete in the February elections emerging with broad support.

## Maneuvers Allow Endeavour to Undertake Coupling in Space

By Warren E. Leary  
New York Times Service

WASHINGTON — Following a series of intricate maneuvers and the skillful use of a robot arm, astronauts aboard the space shuttle Endeavour joined the first two of many segments that will form the international space station.

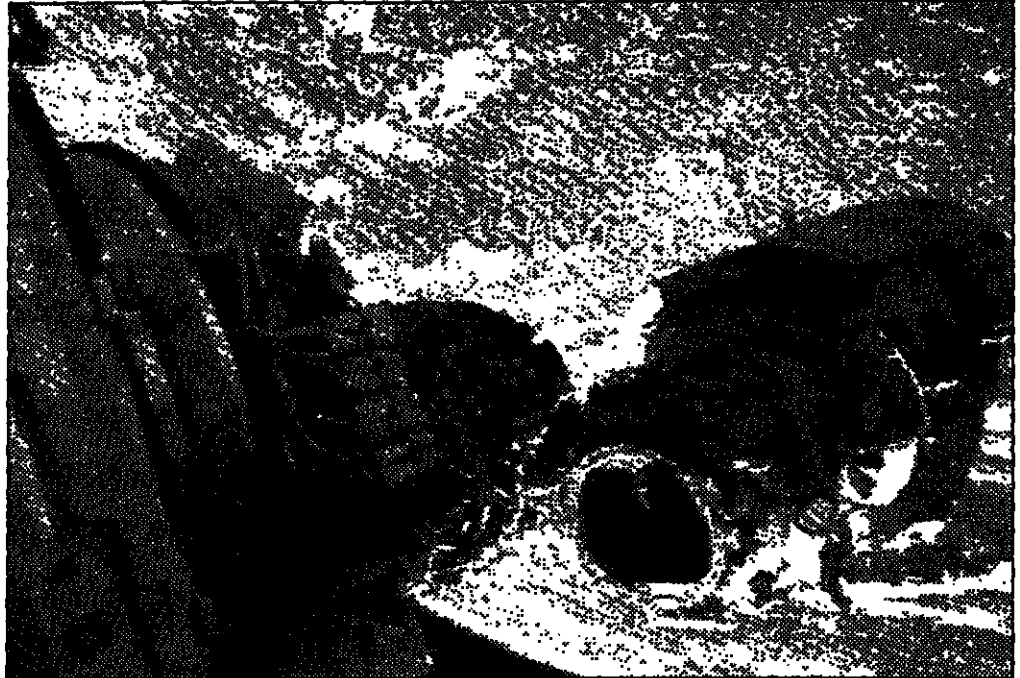
The shuttle and its crew of six snared the Russian-made Zarya control module after chasing it around the Earth in ever-closing orbits throughout the day Sunday. Less than an hour after a rendezvous 240 miles (380 kilometers) above the Earth, Lieutenant Colonel Nancy Currie of the Army deftly used the 50-foot (15-meter) arm to grab the 40,000-pound (18,000-kilogram) cylinder as the craft passed above Russia and slowly pull it toward the shuttle.

The shuttle commander, Colonel Robert Cabana of the Marines, noted that visual inspection of Zarya confirmed that two antennas had failed to deploy from the module after its launching from Kazakhstan on Nov. 20. There were earlier indications that the antennas, which will be used later to assist spacecraft dockings, had not extended.

Colonel Currie took almost two hours to painstakingly move Zarya above the American-made Unity docking port positioned in Endeavour's cargo bay. When the pieces were aligned within inches of one another, Colonel Cabana fired thruster rockets that raised the shuttle, allowing the modules to clasp together.

Before the docking, the crew waited for a new sunrise, which occurs every 45 minutes in orbit, before closing the last few inches separating the modules. After ground calculations confirmed observations from the shuttle that the modules were aligned, Endeavour nudged the components together while traveling over the southern Pacific Ocean.

After the docking, the crew and ground controllers noticed a slight misalignment of the con-



The Unity module, left, and the Zarya module shortly before they joined forces on Sunday.

nection as they tried to pull back a capture ring and clamp the two modules together. The engineers concluded that the shuttle's robot arm, still attached to Zarya, was unexpectedly exerting enough pressure to drag the pairing out of sync.

With release of the arm, Zarya and Unity were permanently clamped together, never again to be separated during the life of the space station, said a spokesman for the National Aeronautics and Space Administration.

The two station pieces, together measuring about 77 feet from end to end and having a combined mass of 70,000 pounds, are the first of 100 major components to be mated in space over five years to form an orbiting outpost that would weigh almost a million pounds and span an area the size of two football fields.

More than 40 additional missions by American shuttles and Russian rockets will be used to haul all of the components and other supplies into orbit, and

astronauts from both nations are to spend almost 1,800 hours doing spacewalks to assemble the entire structure, expected to cost its partnership of 16 nations more than \$40 billion just to construct.

Projections are that the job will require 160 spacewalks, which, for safety reasons, will always be done by two people. Modules of interconnected laboratories and living quarters for up to seven astronauts are to form a habitat equal to that of two 747 jetties.

It is hoped that the station will provide a laboratory in which weightlessness will allow researchers to develop new materials and new drugs and explore the remaining mysteries of physiology, in part so that humans may someday know how to adapt for long space flight to other worlds.

Bringing the pieces together is only the first step in mating them.

A pair of astronauts, Colonel Jerry Ross of the Air Force, 50, and Dr. James Newman, 42, a physicist, were scheduled to make three spacewalks this week, the first on Monday, during which they will hook up electrical and communications cables, remove covers, attach handrails and perform other tasks to get the modules to work as one unit.

As construction goes on outside, the astronauts inside Endeavour will be making preparations to enter the new station through a connecting tunnel and docking system.

On Thursday the crew will enter the embryonic station for the first time, installing portable fans and lights. On Friday they will again enter, to prepare for the arrival in 1999 of the next major element, the first one both built and financed by Russia.

The most difficult part of the mating of the \$240 million Zarya to the \$300 million Unity was bringing them together after the shuttle caught up with the Russian unit. Zarya, or Sunrise, was built by Russia but paid for by the United States. At 41 feet long, it is to be a kind of tugboat for the embryonic station, furnishing power as well as rendezvous abilities.

## ISRAEL: Clinton's Schedule During 3-Day Visit, Including Time in Palestinian Territory, Sets Off a Controversy

Continued from Page 1

national Airport, to be greeted by a blizzard of Palestinian and American flags?

"If Air Force One lands at Gaza airport, it's a sure sign of a state," said Jihad Wazzer, a key Palestinian organizer of Mr. Clinton's trip to Gaza. "The Israelis know that and we know that. He'll have a Palestinian honor guard, the whole works."

The speaker of Israel's Parliament is boycotting all of Mr. Clinton's scheduled events. The minister of agriculture has advised him publicly not to come. The minister of education, scolding the trip, declared Mr. Clinton a dupe.

And Prime Minister Benjamin Netanyahu, who supported the visit six weeks ago, is not exactly bubbling with

hospitality. "If he wants to come, he should come," he said flatly Monday. "If he does not want to come, he should not come."

That Mr. Clinton is spending the bulk of his time in Israel, not territory governed by the Palestinians, matters little. Symbolism is the name of the game in Mr. Clinton's trip here, a fact not lost on either side.

Mindful of its role as mediator in the Israeli-Palestinian peace process, the White House has given the impression of trying to balance the schedule.

True, Mr. Clinton is going to Masada, the great plateau on the Dead Sea that symbolizes Jewish courage and defiance. But he is also going to Bethlehem, the Palestinian-governed town where Jesus was born.

Publicly, U.S. officials dismiss the notion of balance, saying that the American commitment to Israel is as strong as ever, unshakable, strategic.

But the superficial parity in scheduling — one day in Israel, one day in Gaza and one half-day split between Israeli and Palestinian hosts — has infuriated some Israelis and worried Jewish-American groups as well. They see evidence of a new tilt toward the Palestinians in U.S. policy.

Moreover, perhaps worried about hecklers from rightists opposed to the peace process, Mr. Clinton will not be speaking to the Knesset.

That prompted the Parliament's speaker, Dan Tichon, to say that he would boycott Mr. Clinton's schedule in Israel.

"I personally find it distasteful that when the president has an occasion to come to visit Israel on its 50th anniversary that there is a weighing and measuring of where he will be and what he will do," said Abraham Foxman, national director of the Anti-Defamation League, a Jewish-American group. "The special relationship for the last 50 years and special feelings President Clinton has evidenced for Israel deserve special attention during his visit here to the Jewish state."

Griefful Palestinians have suddenly become history buffs, quick to point out that it was not until 1979, or 31 years after Israel's founding, that an American president came to Israel. That was Jimmy Carter, who came to secure the peace between Israel and Egypt.

Now, the Palestinians say, Mr. Clinton is paying a visit to Palestinian-controlled territory just four years after the establishment of Mr. Arafat's Palestinian Authority.

"There is a growing recognition in the U.S. administration of the need for a Palestinian state," Mr. Wazzer said. "They wouldn't say that, but it's there. That's why his coming is a ray of hope."

## Palestinian Police React

The Palestinian police opened fire Monday on rioters in Nablus protesting Israel's refusal to release Palestinian prisoners — the first sign that the Palestinian police were containing violence in advance of Mr. Clinton's visit, The Associated Press reported.

## Netanyahu Is Given A Brief Reprieve

Reuters

JERUSALEM — Prime Minister Benjamin Netanyahu won a reprieve Monday from a threat of early elections when a coalition party used a procedural ploy that gave him up to two weeks to try to shore up his shaky government.

The United Torah Judaism party, a member of Mr. Netanyahu's coalition, submitted a no-confidence motion in a move that automatically meant the 120-member Parliament could not vote on a bill, pending since July, for early elections.

"In the name of the United Torah Judaism party, I ask that this vote be waived into a no-confidence motion," the party leader, Meir Porush, told the chamber.

Parliamentary procedure requires one week to go by before a no-confidence motion is heard. The opposition Labor Party had agreed to a two-week wait pending President Bill Clinton's visit Saturday.

## IRISH: Economic Boom Only Further Divides the Rich and Poor

Continued from Page 1

ceived brief attention in the outside world in the 1991 film, "The Commitments."

National unemployment has fallen from 20 percent, when the film was released, to about 8 percent, well below the European Union average.

But in Ballymun and other poor areas of Dublin, like the Docklands, unemployment averages about 40 percent. And there are pockets where 90 percent of the people are out of work, many of them for several years.

They survive on welfare payments, called the dole, averaging a little less than half the average wage for a family of four.

"People on the dole don't think about the Celtic Tiger as relevant to their future," said James Hargis, manager of an employment training program in the Docklands, near the River Liffey.

"They find that the social welfare people are chasing them more," he added, to see if they are taking welfare payments and at the same time have

found jobs in the underground or "black" economy.

"We have Trinity College literally on our doorstep," he said, but "very few people in the Docklands would ever get there."

A main problem that keeps people from profiting from the boom is that about 40 percent of men over 35 are functionally illiterate, descendants of dock workers whose jobs disappeared 25 years ago with the arrival of huge container ships.

Some Trinity students help tutor children from the area through the St. Andrew's Resource Center, operated with government and private funds.

The center finds work for about 200 people a year, mostly women, who are more open to training programs than the men, many of whom are ashamed to admit they cannot read a newspaper.

Brendan Walsh, an economics professor at University College Dublin, does not take an entirely pessimistic view. "It's not as if the Celtic Tiger zoomed ahead and left the elderly, the unemployed, the disabled and single

parents without support," he said. "Support has increased with inflation."

Welfare payments have risen, he said, though they have not matched the level of increased national income. "Many developed or booming economies," he said, "the gap between the rich and the poor has widened. If you are a pessimist, you can say that's terrible; you are an optimist, you can say every one has drifted up a little."

A little is not enough for the Reverend Sean Healy, director of the Conference of Religious of Ireland, a Catholic group that provides the government of Prime Minister Bertie Ahern to increase welfare payments and expand employment programs.

Father Healy, a former missionary in Africa who has a doctorate in sociology from Fordham University in New York, wants Ireland to become the first country in Europe to establish a guaranteed annual income for all citizens — at all amounts above the average public assistance level.

He concedes that this is unlikely, but he noted that Mr. Ahern, who has been prime minister for 18 months, has recently begun to acknowledge "poverty and social exclusion" in his public speeches and promises to do more to eliminate them.

Father Healy's optimism is not in evidence at the Ballymun public housing project, though. In the 15-story housing towers, the corridors reek of urine and the elevators are often out of order. There are scores of heroin addicts.

The government has said that it hopes, in the next several years, to do what some American cities have done with high-rise projects — tear them down and replace them with low-rise housing more conducive to family life.

Ms. Delaney, the mother of six children, who lives on the fifth floor, said: "When the lifts are broken, I have to take my young one out of school because I can go down the stairs with her, but I can't come back up. She really needs to be in school at this stage, since she's only starting."

"If I keep her out of school now she'll think, 'Great! The lifts in Ballymun let me stay home.'"

## IMPEACH: Clinton Faces Crucial Week

Continued from Page 1

charges the committee is considering. The perjury allegation is thought most likely to pass, and also to be most perilous to Mr. Clinton. Mr. Starr contended that Mr. Clinton lied under oath both in the Paula Jones civil suit and before the grand jury in August, when he denied having sexual relations with Monica Lewinsky.

Mr. Lockhart made it clear Monday that there was no intent to attack Mr. Starr's motives or credibility. Such criticism would most likely add to the ire of conservatives in Congress who support Mr. Starr's work.

The Judiciary Committee is considered almost certain to send at least one article to the full House for a vote next week, and growing numbers of Republicans and Democrats say that Mr. Clinton could lose a vote there.

Senator John Kerry, Democrat of Massachusetts, said Monday that the likelihood of a loss in the House was "very, very high." He said, "I really think that the president has a couple of days now to reconnect with some of the members and to make clear the full measure of his contrition."

A Republican member of the Judiciary Committee, Asa Hutchinson, said that Mr. Clinton's reaction this week, and his lawyer's presentation, will be "very, very important."

"The votes on the House floor are fluid," he said on ABC. "I think they are soft. I don't think it is determined whether this thing is going yet. How he handles this and what he says will make the difference on how we view this."

Republicans like Lindsey Graham of South Carolina, who had been part of a bipartisan group of committee members seeking a solution short of impeachment, now speak bitterly about Mr. Clinton. "If he continues to lie, if he continues to ignore the obvious, I believe the president should be removed from office," Mr. Graham said Sunday on CBS.

Mr. Clinton's Aug. 17 speech on the Lewinsky matter angered many in Congress. His detractors were further inflamed by answers to 81 questions sent to him by the Judiciary Committee, which they judged legalistic and unrepentant.

Mr. Lockhart sought Monday to pla-

cate those members of Congress angered by the president's answers. "We answered those questions in good faith," he said. "We certainly regret those who took offense by the way we answered them."

Along with anger over those answers, the rising prospect of impeachment appears to be fueled by three factors: an intense push by the House Republican whip, Representative Tom DeLay of Texas, to push for impeachment and foreclose attempts to negotiate a censure; a calculation by some Republicans that they would face a greater political risk by opposing impeachment and angering conservative voters than by supporting it and alienating moderates; and the knowledge that a vote to impeach still appears highly unlikely to lead to conviction after a trial in the Senate.

A simple majority of the House, 218 votes, is needed for impeachment. There are 228 Republicans, 206 Democrats and an independent. With at least a handful of declared defectors in each party, and perhaps 20 Republicans still considered fluid, the matter appears too close to call.

By Senate rules, a trial would have to begin the day after a House vote to impeach and continue Monday to Saturday to completion.

The upper house could, however, adjourn its deliberations after officially opening the trial.

So, a trial is thought likely to begin next year. Conviction would require a two-thirds vote, which could not pass unless the 55 Republicans voted en bloc and 12 Democrats defected.

While Mr. Lockhart said the president's attorneys would focus on "the facts and the law," their proposed witness lists seem intended to focus attention on broad principles of impeachability and historical precedent.

One panel of expert witnesses will be called to argue that the specific allegations against Mr. Clinton, particularly in the context of a private relationship, do not merit the impeachment of a president. This group would include Nicholas Katzenbach, attorney general to President Lyndon Johnson; Bruce Ackerman, a Yale Law School constitutional scholar, and Sean Wilentz, a Princeton historian.

## LAYOFFS: Grief Remains but Anger Abates in Latest Downsizing

Continued from Page 1

mainly in the service sector, is turning up new jobs more quickly than in the past, and that softens the blow considerably.

Unemployment has fallen to 4.4 percent nationally and to less than 3 percent in central Indiana. The layoffs are concentrated in manufacturing, both nationally — at least 245,000 jobs have disappeared since March — and here in central Indiana. More than three dozen companies have announced or carried out layoffs here in recent months.

Thomson Consumer Electronics gave 14 months' notice to 1,100 workers that its television plant in Bloomington, Indiana, would be closed in April and the operation moved to Mexico. Since then, only 100 former employees have matched or bettered their old pay — at a General Electric Co. plant in Bloomington that makes a popular double-door refrigerator and has been adding staff at

\$10 to \$12 an hour. Thomson paid \$10.50 to \$11 an hour.

Still, labor unions and workers seem more willing than in the past to accept as beyond anyone's control the reasons offered by corporate America for a plant closing or a layoff.

"You would see a more militant and adversarial relationship come back if the unemployment rate were two or three percentage points higher than it is today," said Larry Gigerich, president of the Indianapolis Economic Development Corp.

## Job Cuts Could Exceed '97 Total

The number of planned job reductions by U.S. businesses increased in November from a year earlier, putting the annual total on track to become the largest in five years, according to a survey, Bloomberg News reported from Chicago.

Announced job reductions rose 9.3 percent last month, to 51,642 from

47,241 in November 1997, according to the monthly survey by the employment firm Challenger, Gray & Christman.

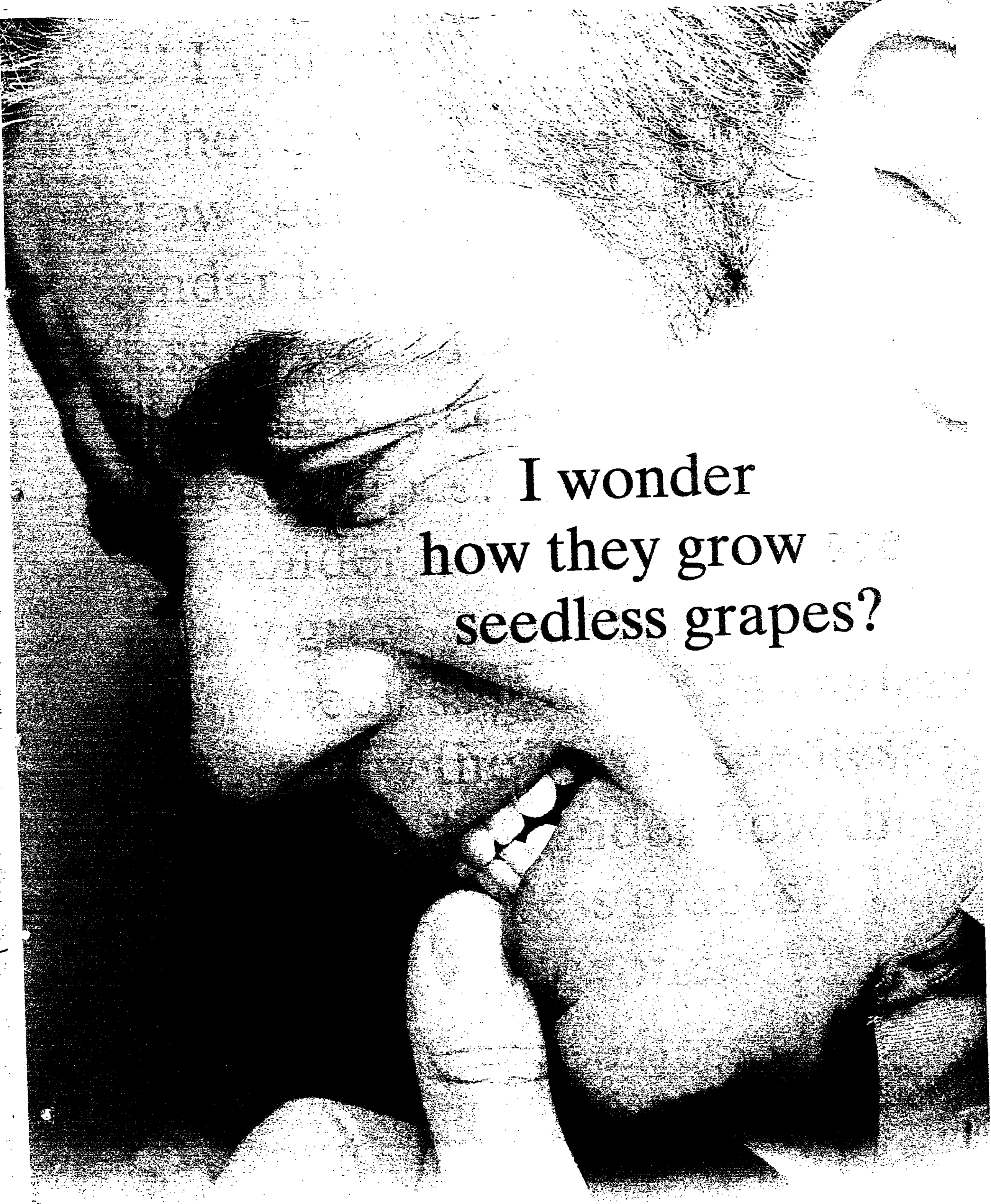
"We could see more pre-Christmas job-cutting over the next 15 days as companies finalize 1999 budgets," said John Challenger, the company's chief executive officer.

Among the industries showing the largest increases in planned cuts this year are electronics, industrial goods and computers, the survey showed. So far in 1998, U.S. businesses have announced plans to cut 574,629 jobs; the survey showed, about 40,000 behind 1993's total of 615,189.

However, November's total planned dismissals was 43.6 percent below October's 91,531 — a 33-month high.

Multinational corporations are doing most of the cutting, hiring by small and medium-sized firms helped push down the unemployment rate last month to 4.4 percent from 4.6 percent in October.





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## EUROPE

## Democratic Parties Win First Round in St. Petersburg Vote

By Celestine Bohlen  
New York Times Service

MOSCOW — After a sordid campaign overshadowed by the murder last month of a leading liberal politician, voters in St. Petersburg, Russia's second largest city, have given a boost to the city's embattled democratic alliance in local city council elections, results Monday showed.

The assassination on Nov. 20 of Galina Starovoitova, a national democratic politician with a strong following in her native St. Petersburg, drew special attention to a contest that was already widely seen as a crude attempt by murky criminal and commercial forces to stake out more turf in city politics.

Spurred by outrage over the murder, more than 40 percent of the city's voters

cast ballots in a first round of voting, sending a signal that St. Petersburg, once capital of the Russian Empire, is not ready to relinquish its claim as a bastion of progressive politics in Russia.

The biggest winner was Yabloko, a liberal party headed by Grigori Yavlinsky, whose candidates in 24 of the city's 50 electoral districts scored well enough to move to the elections' final round on Dec. 20. Of the six outright winners, one was a Yabloko candidate, and two others belonged to smaller local democratic parties.

Mr. Yavlinsky, in an interview in Moscow on Monday, said the first results were proof that Russian voters had not given up on liberal democratic ideals, even at a time of economic distress and political uncertainty.

"First, people are ready to vote for

democracy still," Mr. Yavlinsky said. "Second, people are ready to come to vote. But my third main point is that we can win, speaking about human rights, open society, private property, competition, freedom — we can win. This is a very good conclusion during this crisis."

St. Petersburg, with a population of 5 million, is not Russia, any more than Moscow is. But for all its graceful 18th and 19th-century architecture and its proud past, St. Petersburg is, in fact, a working-class city, with a local industry deeply embedded in the old Soviet military-industrial complex. So, elections here were closely watched as a test of political strength in the wake of August's devastating financial crisis and the political convulsions that followed.

The elections were also monitored for

some of the dirtiest campaign tactics yet seen in Russia, directed mainly against democratic and liberal candidates.

Dirty tricks, some of them traced to a campaign consultant with ties to the local governor, were seen as part of a pattern of violence that has also infected public life in the city, costing the lives not only of Mrs. Starovoitova but other city officials over recent months.

Politicians of all persuasions hailed Monday's results as proof that voters were wiser than the tricksters. Yuri Boldyrev, a former ally of Mr. Yavlinsky's whose own party placed 18 candidates on the second-round ballots, said that a majority voted for "political forces that, as a minimum, had declared the necessity of putting power under the control of and returning responsibility to the citizens."

According to preliminary figures from the city's electoral commission, approximately 50 democrats from various parties, including five independents, are set to advance to the second round, guaranteeing voters in all districts of the city a choice in the Dec. 20 runoff. According to the same preliminary figures, only 15 Communists qualified as candidates for the runoff, confirming the Communist Party's low standing in the city.

The electoral commission said that results from early voting at one polling station had been annulled after some voters had been found to have voted twice. Many observers had protested the liberal use of early voting, which allowed soldiers from local garrisons to be bused to polling places, where they cast votes for a single candidate.

## Turks Fear the Ghost of Sevres Treaty

By Stephen Kinzer  
New York Times Service

ISTANBUL — European leaders are focusing new attention on the 14-year Kurdish insurgency in Turkey, and many Turks believe their interest can be explained with a single word. It is a word that burns in the Turkish psyche, even though few non-Turks have ever heard it: Sevres.

"I don't like to say this, but some European countries are longing for a revival of Sevres," Prime Minister Mesut Yilmaz asserted recently. "All these efforts are in vain."

## A British Fund for Nazi Victims

Reuters

LONDON — Britain was unveiling a £25 million compensation fund on Monday for victims of Nazi persecution and their relatives for assets seized by the government in World War II.

In the 1930s, thousands of Jews from Germany and Eastern Europe transferred their assets to Britain, the United States and Switzerland. But when war broke out in 1939, their assets were classified by Britain as property of the enemy and seized.

Trade Secretary Peter Mandelson was providing a broad outline of the compensation plan in a speech to the Anglo-Israeli Trade Federation on Monday.

He will then give full details of the plans in a written statement to Parliament on Tuesday. Government sources said the compensation would amount to about £25 million (\$41 million).

The proposals stem from a report by Lord Archer of Sandwell, who was appointed by the government in the summer to advise it on a suitable plan to compensate the Nazis' victims. The government has accepted his recommendations and agreed that victims should be compensated in full for their assets in 1999 prices.

It has also agreed to appoint a panel of three experts to examine claims. A legal expert will head the panel, alongside a financial expert and an expert on the Jewish community. Claim forms will be sent out to victims and their relatives in January, sources said.

The Holocaust Educational Trust said it knew of at least £500,000 of assets confiscated by Britain, measured in 1945 prices, and expected that to be doubled when more victims and their relatives heard of the plan.

strains put under international control. Turkey was left only with Ankara and a swath of land around it, much of it mountainous and inhospitable.

That treaty, imposed on the dying Ottoman Empire, set off a burst of patriotic outrage among Turks. Their empire had been shrinking steadily for more than a century, and they considered Sevres their final humiliation.

Under the leadership of Mustafa Kemal Ataturk, they rose up in rebellion and defeated foreign armies in a spectacular series of battles. In 1923, a new treaty was signed in Lausanne recognizing Turkey's new power and scrapping Sevres.

With the Sevres treaty dead, most of the world forgot it. Turks, though, did not. Many are convinced that the world is still plotting to dismember Turkey. They see every claim for regional or cultural autonomy, including those put forward by Kurdish nationalists, as means to this end. Turkish historians and sociologists call this belief "the Sevres syndrome."

This fear was revived again last month, when the principal leader of Kurdish rebels, Abdullah Ocalan, was arrested in Italy. Not only has Italy refused to extradite him, but some political leaders there and in other countries are showing sympathy for his cause. Many Turks believe that their hidden agenda is to create a Kurdish state in southeastern Turkey, thereby ripping the country apart as envisioned at Sevres.

Mr. Ocalan lived in Syria for years, obscure and all but friendless. Turkish leaders thought they had won a great victory earlier this year when they forced Syria to expel him. But suddenly



THE WARM-UP — Foreign Minister Eric Derycke of Belgium, left, with his Finnish counterpart, Tarja Halonen, on Monday before an EU meeting in Brussels to prepare for the summit talks in Vienna this week.

they find themselves on the defensive.

By turning up in Rome, Mr. Ocalan has become a European figure. His cause is being debated more widely than it ever was while he was living clandestinely in Damascus.

"We want to do the same as the Basques and the Irish Republican Army," he told an interviewer in Rome a few days ago.

This stance is unbearable to many Turks, who consider Mr. Ocalan a terrorist guilty of heinous crimes. They are outraged that some Europeans are treating him as a potential peacemaker.

"He calls himself a guerrilla, but what could he do when his people were being systematically killed?" said Danielle Mitterrand, widow of the former French president and a longtime supporter of the Kurdish cause. She said that if Mr. Ocalan were put on trial, Turkish generals should be put on trial alongside him.

Cardinal Achille Silvestrini of Rome said of Mr. Ocalan: "If so many Kurds are coming to support him, then it cannot be simply a terrorism issue. It is a European issue."

Members of the European Parliament have called for an international conference on the Kurdish issue, a suggestion Turkey rejects unconditionally.

As a way of showing their fury at Italy for refusing to extradite Mr. Ocalan, Turks have done everything from burning Italian neckties to boycotting pizzerias. As signs raised at some of these protests, they carried slogans like "Turkey Will Never Be Divided" and "No to Sevres!"

Some commentators have begun warning that such protests may not be the best way to persuade foreigners that Turkey is mature enough to resolve its Kurdish problem.

"I wonder if it would be useful for us to remember Ataturk's style," Zulfu Livaneli, a columnist, wrote in an Istanbul newspaper this week. "Even in the worst days of the war, he did not directly oppose Western powers; even though they were trying to divide Turkey, he did not curse anyone or trample on anyone's flag or fall into the trap of anger or hysteria."

"We are afraid of Sevres," Mr. Livaneli wrote, "but we don't learn from the man who put Sevres in its grave."

## Cesar, Scrap Metal Sculptor, Dies at 77

By Alan Riding  
New York Times Service

PARIS — Cesar, 77, a prominent French artist who created large sculptures formed by crushed cars and scrap iron, died late Sunday in Paris. Friends said the cause of death was cancer.

Cesar — he was born Cesar Baldaccini, but used only his first name — was the best-known sculptor in France of recent decades, yet his works provoked strongly contradictory reactions. "Cesar was loved and detested," the newspaper *Le Monde* wrote.

Only late in life was he embraced by the cultural establishment. He was the French representative at the 1995 Venice Biennale (where he showed a 500-ton monument of crushed cars); and his first retrospective in a French museum was only held in 1997, at the Jeu de Paume in Paris. By then, however, he had begun to look dated.

"His love of life and good humor barely disguised his anxiety and his legitimate desire to be recognized as one of the great sculptors of his time," noted Jack Lang, a former French culture minister.

Cesar's harshest critics said that he was obsessed by self-promotion, yet he seemingly felt that he had not won the name that he deserved. He once complained that he never had an art dealer to promote him in the United States and that he had not been properly recognized in Paris.

At least two of his sculptures are nonetheless seen daily by thousands of Parisians: a large equestrian-like statue, "Centaur — Homage to Picasso," which stands at the corner of the Rue du Cherche-Midi on the Left Bank; and "La Pouce," a 40-foot (12-meter) reproduction of his thumb at La Defense, west of Paris.

Born in Marseille on Jan. 1, 1922, to Italian immigrant parents, Cesar left school at 12 to help his father, a cask-maker, but at 15 he began night classes at the School of Fine Arts in Marseille. Six years later, he entered the prestigious School of Fine Arts in Paris, where he lived for the rest of his life.

Working first with plaster and iron, then later with lead, wire and ceramics, he was initially influenced by the likes of Brancusi, Picasso, Giacometti and Germano Richier. But in the early 1950s, when he was too poor to buy materials, he was delighted to discover the potential offered by scrap iron.

"You can find it anywhere and buy it for almost nothing," he later explained.



Cesar, sculptor of scrap iron and crushed cars, in a 1988 photograph.

He began by creating what became known as his *bestiaire*, a series of fish, animals and insects made of scrap iron that earned him an invitation to exhibit at the 1956 Venice Biennale. It was in 1960, though, that he presented his first crushed cars at the Salon de Mai, provoking an outcry from many French art critics. "People thought I did it so I'd be talked about, because I was a provocateur," he recalled, while conceding that it was a form of rebellion to present "such an aggressive object." These works led him to be associated with a movement called the New Realists.

In the 1960s, when one art critic described him as a "modern predator of industrial folklore," he saw his work as going in three directions: "compression" (cars), "expansion" (multicolored, lava-like sculptures made of polystyrene) and "prints" ("La Pouce").

In 1976 he gained still greater renown in an unexpected way. He was asked to create the trophy for a new French equivalent of the Oscars, the prize was itself named a Cesar. "He loved cinema and he liked being its symbol," Daniel Toscani du Plantier, who heads the French movie industry academy, said Monday.

George Van Eps, 85, Guitarist Who Played 7-String Jazz

George Van Eps, 85, a guitarist who played with some of the biggest names in jazz and pioneered the seven-string guitar, died of pneumonia Nov. 29 in Newport Beach, California. He lived in

## BRIEFLY

## 11 Killed in Fires In and Near Paris

PARIS — A pre-dawn fire Monday gutted a retirement home that just a week ago failed a safety inspection, killing eight persons and injuring about two dozen, many seriously, officials said.

The blaze occurred in suburban Livry-Gargan. A safety commission on Dec. 1 found, among other things, that emergency facilities were substandard at the home, said Commander Jean-Luc Chivot, head of the rescue service.

In a second overnight blaze, three persons died in a Paris apartment house.

## Serbian Warning

BELGRADE — Serbia issued a veiled threat Monday against international truce "verifiers" in Kosovo, saying that it would be forced to launch an offensive in the province if the West did not rein in ethnic Albanian guerrillas.

"If the peace process is established, no one will be jeopardized, including the verifiers," the Serbian deputy prime minister, Tomislav Nikolic, was quoted as having said.

"But if Albanian terrorists are allowed to strut around, murder and kidnap, we shall have to conduct the same action again as this summer but this time we shall go to the end regardless of what others think."

His comments, carried in Belgrade newspapers, coincided with the arrival in Macedonia of the first part of the main contingent of a NATO force designed to rescue the verifiers, who are unarmed, should they come under threat.

Belgrade has protested at the deployment of troops in Macedonia, a former Yugoslav republic bordering Kosovo, where a conflict between ethnic Albanian guerrillas and Serbian security forces has killed around 1,500 people this year.

## Plea on War Crimes

THE HAGUE — The top Bosnian Serb war crimes suspect in UN custody — a general accused of overseeing the 1995 massacre of thousands of Muslims — pleaded not guilty Monday to genocide charges.

At his arraignment before the Yugoslav war crimes tribunal, General Radislav Krstic also pleaded not guilty to crimes against humanity and violations of the Geneva conventions.

A trial date was not immediately set. General Krstic, 50, was arrested last week by U.S. members of the NATO peacekeeping force in Bosnia.

(AP)



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IRAQ: A

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## ASIA/PACIFIC

## Witness in Anwar Case Seems to Change Story

### Former Driver's Sodomy Testimony at Issue

By Thomas Fuller  
International Herald Tribune

**KUALA LUMPUR** — A key witness in the trial of Anwar Ibrahim appeared to reverse himself on Monday by stating under cross-examination that he had not been sodomized by the former deputy prime minister.

Defense and prosecution attorneys expressed divergent views about whether the witness, Azizan Abu Bakar, the former driver of Mr. Anwar's wife, had fully understood the questions being put to him.

Previously, he had alleged that he was a homosexual slave who was sodomized against his will "on several occasions" in 1992.

On Monday, a defense counsel, Christopher Fernando, asked Mr. Azizan whether he continued to visit Mr. Anwar's house after the sodomy allegedly occurred in 1992.

"I put it to you that it was because Anwar Ibrahim did not do anything to you that you continued to visit his house between 1992 and 1997. Otherwise, you would have kept far away from his house," Mr. Fernando said.

Mr. Azizan replied "yes" but then said he wanted the question repeated. "I don't understand what 'not doing anything' means," he said.

Mr. Fernando rephrased the question: "I put it to you that Anwar Ibrahim did not sodomize you. That's why you kept going to his house between 1992 and 1997." Mr. Azizan replied: "I agree."

Mr. Azizan's testimony lies at the heart of the prosecution's case. The government is trying to prove that Mr. Anwar ordered the police to obtain a written confession from Mr. Azizan denying sexual misconduct.

Mr. Anwar, who was dismissed as deputy prime minister and finance minister in September after months of policy disputes and growing disagreements with Prime Minister Mahathir bin Mohamad, has denied all charges of homosexuality and says he is a victim of a government conspiracy. He faces up to 14 years of jail for each of the four charges against him.

"To my mind, the witnesses' credibility has been destroyed," Mr. Fernando said after the court adjourned Monday.

The prosecution may attempt to re-examine him on that point but it was a very categorical and unequivocal statement.

A lawyer for the prosecution disagreed, saying that there was confusion in the question about timing.

"Some of us understood it to be that he was referring to the events after the sodomy," the lawyer told Reuters. Mr. Azizan could be re-examined by the prosecution as early as Tuesday.

Whatever the outcome, the testimony Monday very likely to confuse many Malaysians who just last week woke up to headlines proclaiming "I Was a Sex Slave."

Unid Monday, Mr. Azizan was unequivocal during the trial about the alleged sexual encounters with Mr. Anwar.

"I was frequently called to commit those despicable acts although on many occasions I tried to resist him," he said in a sworn statement offered in court last week that was dated August 1997.



Supporters of Anwar Ibrahim gathered outside the Malaysian High Court in Kuala Lumpur on Monday.

## South Korea Proposes Deal for North

### Pyongyang Would Get U.S. Aid for Access to Possible Nuclear Site

The Associated Press

**SEOUL** — President Kim Dae Jung of South Korea proposed Monday that the United States provide economic and diplomatic benefits to North Korea in exchange for access to a suspected North Korean nuclear weapons site.

Mr. Kim made the proposal during a meeting with William Perry, the newly appointed U.S. government policy coordinator on North Korea. Mr. Perry, the former U.S. defense minister, arrived here Sunday on a three-nation Asian tour that includes stops in Tokyo and Beijing.

"I think all problems related to North Korea should be tackled in a package deal," the South Korean presidential spokesman, Park Ji Won, quoted Mr. Kim as telling Mr. Perry.

"I hope for normalization of relations between the United States and North Korea, and I think it's time to think about lifting economic sanctions against North Korea," the spokesman further quoted Mr. Kim as saying.

Tension is mounting over North Korea's continued refusal to accept a U.S. demand for inspection of the suspected underground nuclear installation under construction at Kumchangni, 50 kilometers (30 miles) northwest of the North's main nuclear complex at Yongbyon.

Washington officials say that North Korea's intransigent stand could lead to a collapse of a 1994 nuclear accord, under which the North's Communist government promised to abandon its suspected nuclear weapons program.

American spy satellite photographs taken early this year showed thousands of North Korean workers digging into a mountain at the site, raising suspicion that the installation may be nuclear-related. While claiming that the installation is for civilian use, North Korea has offered to allow a one-time inspection of the site, but only if the United States pays it \$300 million for having made "false" accusations. Washington has refused to do that.

In a statement last week, North Korea's military denounced the U.S. demand as a "declaration of war."

The North's Foreign Ministry said Monday that there was little its diplomats could do to resolve the situation, because the dispute had developed into military confrontation.

Mr. Kim told Mr. Perry that he believed North Korea was taking a hard-line stand because it is weak.

Mr. Kim told Mr. Perry that even if the project at Kumchangni was nuclear-related, it should not be a reason for sanctions against North Korea because it would be four to five years before the installation was completed, according to the spokesman.

"The policy of engagement with North Korea should not be abandoned," Mr. Kim was quoted as saying. "I believe it will succeed. North Korea will eventually cooperate because they know they will lose if they start war."

South Korean officials worry that renewed tension on the peninsula could hurt their economy, which is showing

signs of recovery. So Seoul has been trying hard to be included in talks with Pyongyang.

Mr. Perry's visit comes as American and North Korean officials are negotiating terms of an outside inspection of the possible weapons site. A meeting in New York last week appeared to make little progress, but the negotiations were to resume in Washington on Monday.

Before freezing its suspected nuclear weapons program in 1994, North Korea was believed to have extracted enough plutonium to make one or two bombs.

### Europeans Visit North Korea

A European parliamentary delegation left Beijing on Monday for a visit to Pyongyang. Agence France-Presse reported from the Chinese capital. It is the first European delegation to visit North Korea. According to a press release from the Delegation of the European Commission in Beijing, the delegation will spend five days in North Korea, concentrating on issues concerning the Korean Energy Development Organization and humanitarian aid.

KEDO, involving the participation of the United States, South Korea, Japan and the European Union, is to assist in the construction of two electro-nuclear centers in North Korea in exchange for Pyongyang's compliance in halting its nuclear weapons program.

The European delegation includes Leo Tindemans, a former Belgian prime minister; Laurens Brinkhorst from the Netherlands; and Glyn Ford from Britain.

## BRIEFLY

### China Acts Quickly Against Dissident

**BEIJING** — One of the arrested leaders of a suppressed new political party will be put on trial Dec. 17 under the charge of colluding with foreign enemies "to incite the subversion of state power," according to court documents given to his wife Monday.

The decision to try Wang Youcai, 32, one of the founders of the China Democracy Party, with unusual speed suggests how serious the authorities are in their campaign to destroy the fledgling party and silence the dissidents who had begun to speak out over the last year. The Communist Party does not allow competing political groups.

The charges Mr. Wang faces, in a trial that will almost certainly be secret and quick, could bring a sentence of five years or more under the penal code. (NYT)

### Pakistani Protests End in 25 Arrests

**KARACHI, Pakistan** — The police and paramilitary officers swept through this port city Monday and arrested 25 suspected ethnic militants after a weekend of violent protests.

The arrests were made in the central neighborhood of Liaqatabad, where the police uncovered a hidden room being used as a "torture cell," a spokesman, Fazi Usman, said. He said authorities believe it was being used by militants of the Muttahida Qaumi Movement, which says it represents Indian Muslim immigrants to Pakistan.

Rival factions of the movement routinely clash, turning entire neighborhoods of Karachi, a bustling city of 14 million, into battlefields. (AP)

### Thousands Rally For East Timorese

**JAKARTA** — Thousands of East Timorese protesters rallied in the troubled territory's capital Monday to mark the anniversary of its invasion by Indonesian troops 23 years ago, witnesses said.

Crowds began gathering at around dawn in Dili and dispersed around midday after hoisting the East Timorese flag and laying a wreath outside the Santa Cruz cemetery, near the site of a 1991 massacre in which troops opened fire on thousands of East Timorese mourners.

Witnesses said Dili was tense but quiet, with many businesses closed for fear of unrest. (Reuters)

## After Taiwan Election, China Urges Talks on Reunification

Agence France-Presse

**BEIJING** — China on Monday welcomed the results of the weekend election in Taiwan that marked a setback for the island's pro-independence opposition party.

"Our attitude to the political activities in Taiwan is clear: We fully respect our Taiwanese compatriots' lifestyle, and their wishes and rights to be masters of their own affairs," a spokesman for Beijing's Taiwan Affairs Office said.

"Meanwhile, we are against split forces in Taiwan carrying out activities to split the country in the name of democracy," he added.

The Kuomintang, which has ruled Taiwan for 50 years and seeks eventual reunification, regained the powerful post

of Taipei mayor from the opposition and won a comfortable majority in Parliament on Saturday.

Zhang Kequn, deputy chairman of the National Committee of the Chinese People's Political Consultative Conference, urged Taiwan on Monday to open cross-strait political talks at the earliest possible date, saying the reunification of the island with China should not be postponed indefinitely.

The Kuomintang had been fearing another battering at the polls following its defeat in local elections last year by the Democratic Progressive Party, which promotes full independence.

Beijing maintains it will invade Taiwan if the island formally seeks independence.

## Germans Open 3-Way Talks on Job Creation

The Associated Press

**BONN** — Chancellor Gerhard Schröder's first round of job-creation talks among unions, employers and lawmakers ended Monday with promises for lower business taxes and better early retirement packages.

Putting Germany's 4 million unemployed back to work is the key promise of Mr. Schröder's new government. The chancellor led the discussion, deeming it a "good beginning."

On the agenda was a suggestion to lower the retirement age to 60 to open jobs for younger workers. It was rejected in favor of sweetening incentives for older workers to retire voluntarily, although no specifics were mentioned at a news conference after the talks.

The three sides also agreed that the government should lower business taxes in 2000, sooner than expected, so that employers could create jobs.

Dieter Hunds, the president of Germany's employers association, said that decreasing the tax burden on businesses would help ease unemployment. By one measure, it is now at 10.1 percent.

The meeting started out tensely, with quarreling between unions and employers over wages. Employers have criticized union demands to raise wages by as much as 6.5 percent as counterproductive to the goal of job creation.

Germany's largest employers group, the German Industry Association, had asked that wage issues be part of the discussion. But Dieter Schulte of the Federation of German Unions rejected the proposal as an attempt to limit raises. Both sides, however, showed a willingness to compromise on overtime and part-time jobs. Finance Minister Oskar Lafontaine has threatened to introduce legislation limiting overtime if the sides do not reach agreement on the point.

Not invited to the session were medium-sized businesses, those with no more than 500 workers and annual sales up to 100 million Deutsche marks (\$39.6 million). They employ 25 million workers.

Other employee groups at the talks included the German Chamber of Industry and Commerce, the craftsmen's association and the employers' association. On the union side were IG Metall, the chemical workers' IG Chemie, the public sector union OeTV, and the employees union DAG.

The next round will be held Feb. 25.



Deputy Prime Minister Tariq Aziz, left, with Foreign Minister Igor Ivanov on Monday.

## Primakov Gives Iraq Support on Sanctions

Reuters

**MOSCOW** — Prime Minister Yevgeny Primakov told the visiting Iraqi deputy prime minister, Tariq Aziz, on Monday that Russia backed a one-sided lifting of sanctions against Baghdad provided it complied with United Nations Security Council resolutions.

Russian news agencies quoted a spokeswoman, Tatiana Aristarkhova, as saying that Mr. Primakov had commended Baghdad on its recent decision to resume cooperation with UN arms inspectors.

Mr. Primakov "called for constructive actions in the direction" of lifting sanctions by all sides involved, Interfax quoted Miss Aristarkhova as saying. The two men also discussed bilateral relations, she

said, including the participation of Russian companies in providing humanitarian aid to Iraq.

Mr. Aziz's visit comes on the heels of a trip to Moscow by Richard Butler, head of the UN Special Commission monitoring the scrapping of Iraq's weapons program.

Earlier on Monday, Mr. Aziz met with the Russian foreign minister, Igor Ivanov, who urged the Security Council to review Baghdad's compliance with resolutions calling for its disarmament and to lift trade sanctions.

There should review of Iraq's compliance "without delay," Mr. Ivanov said after the talks.

"This review could bring us to the lifting of the oil embargo," he added, referring to the UN trade sanctions imposed after Iraq's invasion of Kuwait in 1990.

## IRAQ: For Its Own Reasons, U.S. Warm to the Idea of Reviewing UN Trade Sanctions

Continued from Page 1

of the UN Special Commission, which has been charged with dismantling Iraq's weapons programs. The council about recent inspections. Diplomats say that the review would then probably begin in January, although details have yet to be decided.

The review would be the first of its kind and be designed to look at all relevant resolutions and requirements set on Iraq since its invasion of Kuwait in 1990. Previous reviews were narrowly focused to assess Iraqi compliance at six-month intervals. It is also likely to be used to spell out exactly what more the Iraqis must do before sanctions can be lifted.

The Iraqis are hoping that once the Security Council takes a broad view of the situation, it will see in effect that Iraq has met a majority of requirements, no longer poses a threat and can be dealt with through a far less

intrusive, long-term monitoring regime. The U.S. view, diplomats say, is that the review will backfire on the Iraqis. If the Iraqis want a "comprehensive" review, they note, that is exactly what they may get.

Such a review would provide an opportunity to hold Baghdad accountable for a broad range of transgressions since the Gulf War, including the failure to pay compensation to Kuwait or to return stolen Kuwaiti property, and a deplorable human rights record. These grievances are in addition to the charge of harboring programs to make weapons of mass destruction.

The Iraqis, on the other hand, will focus on a narrow definition of compliance aimed specifically at the lifting of the oil embargo.

The shift is taking place despite Iraq's refusal to hand over documents deman-

ded by Mr. Butler's commission. The International Atomic Energy Agency, which monitors Iraqi nuclear programs, has also been denied documents, independent arms control experts say.

But one Western diplomat noted last week, "It's pretty clear that nobody wants to go to war over documents."

On Friday, Russia's envoy, Sergei Lavrov, added that he thought a number of Security Council members had serious questions about the importance, or even the existence, of some of the documents being sought.

Envoys from a cross-section of council members say that no nation wants a conflict during the year-end holidays and the Muslim holy month of Ramadan. Neither does anyone want to conduct the review, which is expected to be a complicated survey of Iraq's relations with the United Nations, during the same period.

The Iraqis are also prepared to accept a January timetable, Mr. Lavrov said, because despite their calls for an immediate review, the Iraqis want the Security Council's full attention, and many diplomats take time off during the holidays.

Since Mr. Saddam allowed the inspectors to return last month, they have expanded their activities in Iraq. But the inspectors have so far avoided provoking a showdown over any one of a number of sites the Iraqis consider sensitive.

No Security Council member is pressing for a confrontation, prompting Scott Ritter, the U.S. concealment expert who resigned from the Special Commission in August, to write in an article in the current issue of *The New Republic* that the resumed inspections are a "sham."

In this atmosphere, threats from the United States and Britain, countries that went to the brink of war to force Mr. Saddam to back down in mid-November, have all but ended, although officials in both countries continue to warn Iraq that an attack can never be ruled out.

The Iraqis have apparently decided to postpone accounting for disputed documents until a review takes place, when they can argue with the support of Russia, France, China and several countries that hold rotating council seats that the documents are unimportant or irrelevant.

The Americans and British, on the other hand, say that they have recent history on their side. For more than a year, Iraq has been demanding reviews of its biological, chemical and missile programs. On every occasion, international experts, including Russian, Chinese and French scientists, have refused to accept Iraqi explanations for missing material.

If a comprehensive review ends with similar results, the Americans and British will be in a stronger position to keep sanctions in place without resorting to military action, at least in the short term.

## BRIEFLY

### UN Evacuates Angola Personnel

**LUANDA, Angola** — The United Nations has evacuated 14 peacekeepers who were trapped by fighting between the army and the rebel group UNITA in two towns in central Angola, a UN spokesman said Monday.

The peace monitors — a Swede, a Brazilian, a Senegalese, and 11 Indians — arrived Monday in the capital, Luanda, aboard a UN aircraft.

A UN spokesman said the men were removed Sunday from the UNITA strongholds of Andulo and Bailundo and taken to Huambo. The peacekeepers will fly from Luanda to their home countries. (AP)

### Senator Proposes New Cuba Policy

**HAVANA** — Senator Christopher Dodd called Sunday for new talks with Cuba, saying that Washington's four-decade policy of isolating the Communist nation has not worked.

"We've been told over and over again that if we just hold on a bit longer this policy of absolute no contact, absolute no conversation, absolute no interchange at all will work," Mr. Dodd said in Havana. Mr. Dodd, a Democrat from Connecticut, said he held talks for six hours over the weekend with President Fidel Castro. (AP)

### For the Record

President Andres Pastrana of Colombia began a two-day visit Monday to Mexico aimed at improving ties between the two countries, especially in the war against the drug trade. The visit included talks with President Ernesto Zedillo of Mexico. (Reuters)

At least 10 people were killed Monday on the Comoros island of Anjouan as rival separatist militias, which fought over the weekend, broke a short-lived cease-fire, residents said. (Reuters)



## EDITORIALS/OPINION

## Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Confusion About NATO

Although NATO has played a useful role in suppressing violence in the Balkans in recent years, it remains a military alliance without a clear purpose in the wake of the Cold War. Washington's answer to this identity crisis has been mischievous. First it pushed through the admission of three new members from Central Europe without adequately weighing potential consequences. Now it is pressing ideas that could ultimately lead to transforming the alliance into a global strike force against threats to American and European interests. Such a role would go far beyond any sensible mandate.

If Washington's proposals are strictly limited to strengthening defenses within Europe against biological and chemical weapons and international terrorism, they are fine. But the Clinton administration and other NATO governments must guard against policies that would have the alliance reach out anywhere in the world. If military intervention is required outside Europe, it should be conducted by coalitions of willing nations, including those in the region itself.

Washington would do better to encourage NATO's European members to assume more of the burdens of maintaining European security and stability. Western Europe's governments are only now, tentatively, starting to take limited responsibility for security issues in Europe, like the Balkans. Their political fortitude is uncertain, their defense budgets tightly constrained and their military forces relatively small. NATO's new Central European members, Poland, Hungary and the Czech Republic, are even less suited for a global role.

## Escape From Recession

Until the summer of 1997, the West's economic establishment was feeling pretty good about itself. It basically had figured out a recipe for bringing prosperity to developing and ex-Communist countries, or so the thinking went. If the countries followed the free market recipe, they would grow. If they got into trouble, the economists knew how to fix the trouble. The misgivings that so many people were feeling about the increasing interconnectedness, by trade and investment, of nations were largely dismissed.

The sudden fall into deep recession, beginning 16 months ago, of countries as diverse as Thailand, South Korea and Russia disrupted this complacency. The world's finance ministers and central bank chiefs have had to engage in debate on the value and pitfalls of growing interconnectedness. It is a healthy and necessary exercise. Now the World Bank and its chief economist, Joseph Stiglitz, have made their own useful contribution.

Most attention last week, when the bank released its report on global economic prospects, was devoted to its implicit criticism of the U.S. Treasury and the International Monetary Fund, the bank's close cousin, for imposing too harsh economic measures on nations in crisis last year. So it is worth noting first what the bank and Mr. Stiglitz do not do. They do not question the value of globalization. On the contrary, they urge developing countries not to "retreat."

Openness to trade and foreign investment encourages long-term growth, they say. The differences here are more of tactics than of strategy. But the World Bank does question "the euphoria that had emerged about the benefits of financial liberalization, private capital flows and emerging markets." Since the bank implicitly criticizes the IMF, it is only fair to interject here that the bank was as glib as anyone of stoking that euphoria, with its trumpeting of the Asian miracle and its playing down of corruption. But the lessons it draws are no less valuable for its complicity. Developing countries should not push, or be pushed, into total liberalization before they have installed adequate regulatory institutions. Social safety nets — aid for the poor and unemployed — are essential. Some tax or other control on short-term investment may be advisable in some cases.

The U.S. Treasury and the IMF erred, the bank suggests, by imposing high interest rates when the crisis broke. The idea was to defend local currencies, but the effect was to bankrupt banks and companies that might otherwise have survived. The IMF would point out that in South Korea

NATO should be worrying primarily about its role in Europe, which requires much clarification. NATO operations need to be better coordinated with European civilian institutions, like the European Union and the Organization for Security and Cooperation in Europe. Recent experience in the Balkans has shown that in the aftermath of civil war, some tasks are better done by paramilitary police, humanitarian agencies and diplomats than by heavily armed NATO troops.

Long-running debates must be resolved about what kinds of crises can best be handled by Europeans and which require American involvement. Increased command responsibility may have to be given to European generals and admirals. These issues have caused friction between France and the United States. But, with Britain now moving closer to Continental positions and Germany's new government making clear it wants to re-examine traditional NATO practices, the alliance's political dynamic is changing.

NATO has always declared itself free to be the first to use nuclear weapons in any potential conflict. That policy ought to be reconsidered in the absence of the overwhelming conventional military threat posed by the old Soviet bloc.

NATO's new role should be premised on more equal partnership in European defense. America should maintain its commitment to helping defend its allies against outside threats. But it should expect them to take on more responsibility for managing anarchy and strife in their own backyard, not in far corners of the world.

—THE NEW YORK TIMES.

and Thailand, the two most committed adherents to its recovery plan, interest rates have descended, and currencies have regained value. But corporate sectors remain in a deep slump, perhaps deeper than was necessary.

We believe that the bank's criticism has merit, as we said at the time. But it also should be pointed out that the IMF backed off fairly quickly from its demands for fiscal austerity and that many of its other prescriptions — notably for corporate restructuring and an end to "crony capitalism" — were just right, a long way from any supposed cookie-cutter IMF approach.

As important as this debate is for future actions, even more urgent now is the plight of the suffering economies, and the question of how to help them. A quarter of the world's population lives in countries where economies this year will shrink. Millions have fallen back into dire poverty. A bottoming-out next year and recovery the year after is possible, the World Bank says, but it is by no means a sure thing. Much depends on policies that the affected countries implement, but much also depends on continued growth in the United States and Europe and — most problematic — on recovery in floundering Japan.

—THE WASHINGTON POST.

## Other Comment

## A Present for Cubans

Cubans woke recently to the news that Christmas has been reinstated as a holiday. Carols, decorations, trees, the whole panoply of religion and celebration will be allowed. The lifting of the ban imposed in 1969 happened after Pope John Paul, during his visit in January, asked Fidel Castro to restore Christmas to the Cuban calendar. This latest victory is testimony to the resilience of religion and belief, more than 30 years of deliberate quashing did not erase the Cubans' desire to worship.

The Roman Catholic Church's long dealings with the Communist hierarchy in Cuba might teach U.S. policymakers some simple lessons: Before accomplishment there must be engagement, and nothing happens in isolation. The Clinton administration should move ahead with the suggestion from a number of former secretaries of state that a bipartisan commission be established to assess the deplorable state of U.S. policy toward Cuba.

Who knows, if Washington makes the right moves, the small window of religious freedom that has just been opened could widen to include greater political and economic freedoms for all Cubans on the island.

—Los Angeles Times.

## Would-Be Helpers Enforce the Wrong Changes

By Stephen Hellinger

WASHINGTON — Officials of the International Monetary Fund, the World Bank and other institutions and donor governments meet in Washington this week to decide the economic fate of Honduras and Nicaragua, both of which were ravaged by Hurricane Mitch in October. If all goes according to script, the financial "rescue" package will only deepen the two countries' problems.

The United States has committed \$290 million to relief and announced a two-year suspension of payments on the two countries' enormous debt. Other governments and groups have called for the outright canceling of the debt, along with a huge aid program to help rebuild their economies.

But aid and debt relief have come with a hefty stipulation virtually everywhere they have been provided in recent years: The receiving countries have been required to adopt "structural adjustment" policies. Acting as a car-

tel, the global financial institutions, donor governments and commercial banks have made countries restructure their economies to benefit foreign investors rather than their own citizens.

From Mexico to Thailand and from Zimbabwe to Russia, the results have included the destruction of local enterprises, rising unemployment, falling wages, greater income inequality, declining food production, cuts in essential public spending and a dangerous polarization of society.

Adjustment policies had already done damage in Nicaragua and Honduras long before the hurricane hit. Both nations, increasingly dependent on foreign aid, have lived under such strictures for much of this decade. Capital has flowed to short-term deposits with high returns, at the expense of productive investments. More than three-

quarters of the people live in poverty.

Cuts and the privatization of government services have weakened rural health care, and inadequate environmental controls have led to deforestation. Hurricane Mitch made the consequences of such policies clear. The deforested landscapes helped make the flooding catastrophic. The insufficient health care has raised fears of cholera and malaria epidemics.

The adjustment programs also failed to reduce the countries' foreign debts. That should not surprise anyone — most countries that have adopted policies prescribed by the World Bank and the IMF are now far more heavily in debt than they were before.

Imposing more of the same on Nicaragua and Honduras now would only set their economies back further.

If the IMF and the World Bank use their leverage in this crisis, as they did in Asia, to open the door even wider to foreign competitors, recovery by local

producers will be made all the more difficult. If wages are pushed even lower to attract investment, people will not have enough money to restimulate local economies.

Larger safety nets are not enough. Fundamental changes that reflect local conditions are required. Small farmers must have access to productive land and to affordable credit. Wages must be high enough to support a family. A trade policy that enables local producers to compete with foreign goods and investors is critical. Anything less will damage not only the people of Honduras and Nicaragua but also the rapidly deteriorating reputations of the World Bank and the IMF.

The writer is president of the Development Group for Alternative Policies, which is coordinating with the World Bank a world assessment of the bank's policies. He contributed this comment to The New York Times.

## Washington: An Old Sort of Respect Isn't Being Earned

By Meg Greenfield

WASHINGTON — You look around political Washington for a public figure in an important position of power who also has moral authority, and you find none.

Those in the leadership of both parties who have not been dinged up in their own individual scandals and venalities have kept eagerly to the defense of those on their side who have, shamelessly justifying every kind of sleaziness committed by their party on the ground that the other side does it too ... or that the campaign needed the money ... or that the opposition has overreacted ... or something.

There are other public figures who may have done little or nothing that falls into these categories, but who have been so beat up by their adversaries — or by us in the press — that no one can any longer be sure whether or not they actually did something wrong, and so people simply postulate the worst ("There's probably something there").

The result is a landscape teeming with demystified, anti-heroic, ethically compromised leaders, of whom we demand and expect less and less. We seem to have settled comfortably into this landscape.

We do not look to these political figures for guidance in our own lives, either by the example they set or in the moral preaching they freely offer. I mean, are you kidding? On the contrary, our approach to them is narrowly utilitarian, unexpansive and without either awe or affection. Will they please rewire the house and fix the plumbing and get a reasonable bill to us before the end of the month? The rest we don't need their help with.

It is true that on occasion we still get rascally enthusiasm about the leader or leaders on our side, cheering and yelling up a storm on their behalf. But mostly these days such loud cheering does not seem to reflect a positive feeling about our own side so much as a totally negative view of the other. It is defensive. It says "I hate Ken Starr," or "I hate Bill Clinton," not "I admire" anybody.

This emotion has become so widespread and all-encompassing because of its enormous convenience: It frees you, or at least so you assume, from any obligation to face up to the shortcomings and derelictions of your own side. You just keep whacking away at the other in the moral certainty that doing so is urgent and will not permit any slackening off or open-minded "on the other hand" finding on even the tiniest point.

Your animus is comprehensive and controlling. You are dealing with an emergency of sorts. It leaves behind all thought about the flawed politician whose side you are taking. It also cuts him a helluva deal when you next have to fish him out of trouble. You mount a defense that you are not particularly proud of but which, in this time of dwindling standards, will do. Well, at least they didn't find material for an indictment; or, if you read the report carefully, you will see that they have not made the case conclusively, etc.

Americans nowadays seem to be satisfied with such findings, which at one time would have provoked ridicule and wrath.

What has happened is actually more than an acceptance of compromised behavior. It seems sometimes to be an embrace of it by the politician's peers, a kind of license to participate in the game because it certifies that the compromised one, the guy who is under a legal or ethical shadow, is not a threat to his colleagues. What after all, can he do? How high and mighty can he come on with 11 counts pending against him?

This is one reason, in my opinion, that there has been such a proliferation of impeached public figures, who once would have considered themselves terminally disgraced, staying on in office and thriving on the public-affairs shows and the noise circuit. So they want to make a buck, the reasoning goes — so what? They aren't threatening anyone's standing as a moral exemplar or, even more danger-

ous to their colleagues, implying by their recidivism that there is a higher standard to be met.

Dick Morris, the president's political adviser and lobbyist, got caught in a humiliating sexual scandal and was back in business as a successful independent contractor almost at once.

I am not complaining about the death of hero worship in our politics. And I am certainly not complaining about the effect on hero worship of the relatively new, unvarnished realism that reveals the twadness of so much that once impressed and even moved us. In the modern age of an overpopulated press corps and dramatically loosened restraints on what it believes it is entitled to dig up and report, the moral pretensions and falsehoods of posturing public people are bound to come crashing down, and that is surely

## An Impeachment Crusade Inspires Contempt for the Law

By Jeffrey Rosen

WASHINGTON — The House Judiciary Committee is on the verge of recommending impeachment by a strictly partisan vote.

It should not matter, the Republican members argue, that the Senate is unlikely to convict the president, or that the people want him to remain in office. The president must be impeached for symbolic reasons.

In legal and constitutional terms, that is nonsense. And an independent counsel investigation which ended in Washington last week shows why.

After a jury rejected all 30 of his charges against Mike Espy, the former agriculture secretary, Donald Smaltz, the independent counsel in the case, said: "The actual indictment of a public official may in fact be as great a deterrent as a conviction of that official."

In addition to its financial and personal costs, a purely symbolic prosecution like Mr. Smaltz's subverts respect for the rule of law. It forces Americans to confront the spectacle

of a self-aggrandizing prosecutor using the criminal code in a way that looks partisan, rather than being guided by his fellow citizens' collective judgment about what kinds of transgressions deserve to be punished.

A basic requirement of the rule of law is that prosecutors must be impartial. They cannot decide to pursue cases based on sympathy or dislike for one party or another. In deciding how to spend limited resources, no ordinary prosecutor would bring an indictment without being sensitive to whether a jury, and the community at large, thinks the crime serious enough to merit punishment.

The independent counsel law removes this crucial democratic influence on prosecutorial discretion. By creating prosecutors with unlimited resources, whose reputations depend on bringing down their targets, the law encourages them to dig for evidence of hyper-technical

transgressions in the hope that something may stick.

Impeachments are inevitably political decisions, but they should be political in the broad sense. To be accepted as legitimate, articles of impeachment must have the support of a bipartisan majority in Congress and the country. By ignoring the fundamentally democratic nature of the process, House Republicans risk dividing the law and the country in a way whose costs are hard to measure.

All the parties concerned in this drama have stretched the law to its breaking point. In the process, they have managed to promote popular contempt for it. To impeach the president in the face of overwhelming popular opposition would subvert respect for the rule of law far more than any crime of which the president has been accused.

The writer is an associate professor of law at George Washington University. He contributed this comment to The Washington Post.

## Beijing: In Fact, Not Much Progress on Human Rights

By Fred Hiatt

WASHINGTON — Xu Wenli, who was arrested last week, knows what awaits him in the Chinese gulag. This isn't his first time.

Mr. Xu, now 55, was sentenced to 15 years in prison for advocating democracy back in 1979. He spent his first three years in solitary confinement, in a cell of about six square meters. When he managed, in 1984, to smuggle out an account of his trial and interrogations, his living space was cut in half and he was returned to solitary confinement.

When in 1989 he was permitted, for the first time in three years, to see his wife, he could hardly speak; he spent most of the half-hour weeping uncontrollably. A prison official said solitude was "beneficial to Xu's individual reform."

He did not rush to the ramparts when he was released in 1993. He spent time with his wife and daughter, who had been 8 when he went into prison. He read and traveled through China to catch up on all he had missed. He was, and is, known as a moderate in China's pro-democracy movement, level-headed, rational, no firebrand.

So as he moved back into the leadership of the movement this year, he understood the risks, and so did his family. "I find him great as a person," his daughter Xu Jin, now 26, told me last week. "I wish I could know him better as a dad."

Mr. Xu kept a packed suitcase near his door. He was followed, spied upon, harassed and, many times, detained and released. His detention last week seems different. His friends and family fear the worst, for he has been accused

of treason. They do not know where he is being held. His crime: once again advocating democracy in China.

His arrest is one of many in recent days. Democracy advocates and Tibetan priests are being rounded up. Unauthorized churches are being shut down. The regime has promulgated a new repressive law regulating all organizations outside the Communist Party. This will permit China's regime to squelch freedom of association while still claiming to follow the "rule of law."

Only a few months ago, President Bill Clinton spoke of the "real progress" that China had made in human rights. It had released several dissidents, he said; allowed a delegation of U.S. religious leaders to visit; promised to sign an international treaty on human rights.

During Mr. Clinton's triumphal tour through China in June and July, this "progress" was cited as evidence that his policy was working — that "through engagement you can get a lot of serious things done and promote America's values and maybe even advance the process of change in China," as his national security adviser, Sandy Berger, said. Now, with China simultaneously signing and violating the human rights treaty, you have to wonder about the direction of change.

Mr. Clinton is hardly the first American to want to believe in the benevolence of China's regime. Just last week the novelist John Updike reported in The New Yorker on his recent trip to China. His conclusion: "The Chinese seemed happy."

The captain of Mr. Updike's tourist boat on the Yangtze seemed happy. The author's tour guide seemed happy. President Jiang Zemin, announcing what Mr. Updike called a "new and broadened human rights policy," seemed happy.

The novelist was impressed that his tour guides "touched boldly upon the mistakes of the past, even though 'damnable' party cadres were listening in. He detected no KGB-style intrusiveness, 'no hint of suppressed divergence from our young Chinese guides.'"

Mr. Updike does not present himself as an expert on China. Maybe he was not aware that many of the scenic Yangtze riverbanks are about to be flooded into oblivion, when China completes a gargantuan dam that is forcing the relocation of a million people. Maybe he was not aware of the three Chinese men who received sentences of 16 years to life for splashing paint on the giant Mao portrait he describes at Beijing's center.

Maybe he did not know that Mr. Jiang's "broadened human rights policy" was in fact a prescription for more repression — based on the notion, as the organization Human Rights in China recently noted, that "depriving citizens of their fundamental rights is perfectly acceptable, provided there is a written rule permitting it."

But something else seems to be at work here, and for Mr. Clinton as well. After all these Cold War decades, we outsiders are not accustomed to seeing free market enterprise inside a one-party dictatorship. You might ar-

gue that we have not seen such a thing since Nazi Germany.

China is unquestionably bustling. Indeed, for Mr. Updike "the least agreeable aspect of present-day China is the rampant entrepreneurialism that lines the path to every notable sight." The country does not resemble the Soviet Union. It does not resemble the China of 20 years ago, where everyone dressed alike and worked for the state. Today, millions of Chinese are far freer to choose their place of residence, their jobs, their clothes and lifestyles.

Mr. Clinton argues that in the

long run China's enterprise cannot coexist with China's repression, and he may be right. The day after Mr. Xu's arrest, nearly 200 dissidents across China issued a statement of protest — an act reflecting remarkable coordination as well as courage.

But it is one thing to assert that repression must ease, and another to assume that it is easing already. In recent years China has not made much progress on human rights. To pretend otherwise is to diminish Xu Wenli, who is once again facing the "beneficial" effects of solitude.

The Washington Post.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: Colonial Rivals

LONDON — The "Times," on the report of the Secretary of the Treasury of the United States, says: "We regard with the heartiest feelings of sympathy and without a tinge of jealousy the development of the spirit of civilization and colonizing imperialism in the United States, but it must not be supposed we are prepared to approve the adoption of an exclusive policy in regions with regard to the destinies of which we might have claimed a voice."

## 1923: Mexican Revolt

WASHINGTON — "The country will be pacified and the revolt put down with an iron hand." Such was the statement of President Obregon. According to reports received here of a revolt which broke out yesterday (Dec. 6), General Sanchez and Senior de La Huerta, former Minister of

Finance, opened the revolt, which was extended to many states. The administration takes a serious view of the situation, but has no great fear that it will hamper the recognition of Mexico, which will be based on the ratification of trade agreements.

## 1948: Mystical Italy

BELGRADE — The government of Premier Alcide de Gasperi is using the theater to drug the Italian people with "mysticism," the Yugoslav Writers' Union said. Mr. de Gasperi's American and British masters ordered him to make full use of the stage to steep Italy in an effort "to separate the people's masses from the burning problem with which they are now faced," according to the Yugoslavs. Not a single Italian play in the last two years has dealt with "the actual problems of reality," the Yugoslavs said.

## Herald Tribune

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## OPINION/LETTERS

## Pinochet's Rude Awakening

By Richard Cohen

WASHINGTON — Here are some sayings of General Augusto Pinochet: "Not a leaf stirs in this country unless I move it" (1981). "We effectively purged the nation of Marxists" (1988). "One day I shall die. He who succeeds me will die. But there shall be no elections" (1975).

Here is one I imagine he is now saying: "Who the hell is Baltasar Garçon?" The answer is simple: He's the law.

The concept must seem weird, almost laughable to General Pinochet, the former Chilean dictator. In October, just coming out of surgery and still groggy, he was arrested in a London hospital on a warrant from the aforementioned Baltasar Garçon, who is a mere magistrate in the country of Spain. Britain put the cuffs on the old dictator.

Almost instantly, the haughty and vain senator for life (his title at his insistence) was transformed into yet another tin-pot Latin American dictator reduced in his dotage (83) to a confused and bewildered prisoner. His presumed diplomatic immunity was stripped from him as widows, orphans and editorialists demanded an accounting. Among other horrors, precisely 2,095 persons were murdered by the Pinochet regime; the Chilean government says. From 1973 to 1990, he ran Chile in about the same way Al Capone ran Chicago.

You can almost envision General Pinochet gazing out the window, wondering what in the world has happened. This was Britain, his favorite foreign country. Baroness Thatcher's very own England. She, of course, was still in his corner, asserting that the government General Pinochet overthrew had done some bad things and, what's more, General Pinochet had stood with Britain in its darkest hour of 1982: the war for the liberation of the Falklands from Argentina. Compared to that, how could anyone even mention the precisely 1,102 people who, under General Pinochet, the Chilean government says simply disappeared?

As you can see, the Pinochet episode has an element of farce.

Something about it prompts people to say the funniest things. The Wall Street Journal conceded that, yeah, some eggs had to be broken to make the Pinochet omelet, but what a dish! It turned out to be "Gen. Pinochet went on to free trade, privatize industry and repair the damage of Castro-style government — producing an economy that inspired reform elsewhere on the continent and throughout the developing world in general." Be still my heart.

In that same editorial, the Journal did raise a legitimate concern: Are we going to allow any magistrate anywhere to issue warrants for anyone they wish? After all, why did the Spanish magistrate go after General Pinochet when, at that very moment, Fidel Castro (no angel, he) was visiting Spain? In fact, the reach of such magistrates is what has given the Clinton administration pause. Could some judge somewhere yank Robert McNamara off a plane and hold him accountable for U.S. policy in Vietnam?

These are real concerns. And, as Kenneth Starr has proved, any law can be abused. What

matters above all, though, is the law itself and that, in this case, for the first time it is being imposed.

Chile officially protests, asserting General Pinochet's immunity. But he extracted it as his price for surrendering power. What the Chilean government was compelled to do, the rest of the world need not necessarily respect.

Baltasar Garçon has set off a wonderful process — a pioneering effort to apply international law to tyrants.

He pulled a thread and much is unraveling. Among other things, the United States has decided to declassify secret documents relating to the killings and torture of the Pinochet period, and the Clinton administration is hinting that Chile establish a South Africa-style truth commission. Maybe General Pinochet cannot be brought to justice, but at least his repellent methods can be exposed.

The irony is that under Spanish law General Pinochet is too old to be jailed as he is over 75. But no one is ever too old to be held accountable for murder and torture, to set an example to other despots that if we can, we will sic the law on them.

This business with General Pinochet is complicated, legally tangled — and it is gummed with politics both old and new, domestic and international. But General



140 Years After the Lincoln-Douglas Debates

Pinochet authorized or permitted the murder and torture of people who were innocent of any crime. He did so because he thought he was the law. Now, he is finding out he is not. Baltasar Garçon is.

The Washington Post.

## Could Pearl Harbor Have Been Averted?

By Denis Warner

MELBOURNE — Just over 57 years ago, at 7:55 A.M. on Dec. 7, 1941, Japan launched a surprise attack on American forces at Pearl Harbor in Hawaii, thrusting the United States into the crucible of World War II. Tucked away in a footnote to his memoirs, "Pacific Encounters," Marshall Green, one-time U.S. deputy assistant secretary of state for the Far East, wrote that Joseph Grew, the American envoy in Japan when the Pacific War broke out, believed to the day he died in 1965 that war could have been avoided without sacrificing any U.S. or Allied principles or interests.

Mr. Green began his diplomatic career as private secretary to Mr. Grew. It was, he wrote, a golden opportunity to observe at first hand how one of America's greatest diplomats performed under fire, including his frequent warnings to Washington not to press too far with embargoes unless it was prepared militarily to live with the consequences.

Mr. Green was followed as Mr. Grew's private secretary by Bob Fearey. In the December 1991 issue of the Foreign Service Journal, Mr. Fearey wrote an account of Mr. Grew's support for Prime Minister Prince Konoye's "ferocious desire for peace, backed by the Emperor, for a face-to-face meeting with President Roosevelt to achieve a settlement of all outstanding issues and reverse the trend toward war."

To protest Japan's activities in China and incursion into Indochina, Washington had put an embargo on the export of aviation fuel and iron ore to Japan, and had frozen all Japanese assets in the United States. As these sanctions began to bite, Prince Konoye on Aug. 28, 1941, proposed a meeting with Roosevelt in Hawaii to "solve the unsolvable."

Roosevelt countered with the proposal that the two should meet aboard a battleship off Alaska. Prince Konoye accepted and had a ship standing by secretly at Yokohama to convey his delegation to Alaska. The Japanese army leaders, backed by an inflammatory anti-American propaganda campaign, were now strongly in favor of war against the United States. Prince Konoye knew that time was rapidly running out.

Against this background, Emperor Hirohito presided over a conference on Sept. 6, attended among others by General Hideki Tojo, the war minister. The meeting decided that if diplomatic ef-

forts had failed by early October, Japan would determine on war with the United States, Britain and the Netherlands.

Mr. Grew's repeated warnings to Washington of the dangers in putting too much pressure on Japan were received skeptically in the State Department. It did not share his confidence in the outcome of a meeting between Prince Konoye and Roosevelt, and discounted the view that desperation would push Japan into war. The department's insistence on agreement before the meeting on the

DEC. 7, 1941

battleship, and not at the meeting itself, finally scuppered the plan.

By mid-October, the United States had neither agreed to nor rejected Prince Konoye's view that all decisions should be made at the meeting. Prince Konoye resigned, and on Oct. 17, Tojo became prime minister and war minister. Less than two months later, the bombs fell on Pearl Harbor.

Could the war, as Mr. Grew believed, have been averted by the Alaskan meeting? Mr. Grew's optimism was based partly on a long and deeply secret talk with Prince Konoye on the night of Sept. 6, after the conference with the emperor. It was also based on his assumption that since the Alaskan meeting carried the imperial imprimatur, the army component of the Japanese delegation would accept any concessions he made.

Whether Prince Konoye would have been able to make real concessions is another matter. Tojo was agreeable to the meeting only if the Japanese side made clear to the United States that if it failed to understand and accept Tokyo's aspirations it would mean war.

If Mr. Grew had been proved right, however, what then? Might we have been spared the horrors of the Pacific war? And what of the war with Germany?

Hitler invaded the Soviet Union on June 22, 1941. In weeks, the Nazi blitzkrieg had smashed its way deep toward Moscow. The Soviets appeared all but defeated and dreaded the possibility of a Japanese attack in the east.

Within two months of signing a neutrality pact with Japan, Stalin knew that Tokyo was contemplating an attack on Siberia. Forty Soviet divisions, all of them desperately needed in the defense of the

western sector, were tied up in the east and could not be moved while the Japanese threat remained.

At this critical moment, a Soviet spy ring in Tokyo headed by Richard Sorge, a special correspondent for a German newspaper, came to the rescue. Mr. Sorge was on terms of complete trust with the German ambassador, while Ozaki Hotsun, his principal Japanese collaborator, was a member of Prince Konoye's brain trust. From these sources, the two spies drew out highly classified intelligence, which they sent to Moscow.

From Mr. Sorge, Stalin got advance warning of the planned German attack on the Soviet Union. In May 1941, Mr. Sorge reported that between 170 and 190 German divisions would be concentrated for the attack, which he predicted would begin on June 20, an estimate that erred by two days.

The German Embassy in Tokyo at this time was doing its best to persuade Japan to enter the war against the Soviet Union. By the end of August 1941, however, Mr. Sorge was able to report the encouraging news that the embassy had lost all hope of Japan joining the war against Russia in 1941.

On Oct. 15, with the German army near Moscow, he transmitted the intelligence Stalin most wanted to hear: Tokyo had decided to embark on a major military campaign to the south, capturing Singapore and attacking the United States. Plans to attack to the north had been abandoned.

Japan no longer posed a serious threat to the Soviet Union. Reinforcements could now safely be rushed across the trans-Siberian railroad for the defense of Moscow. By Nov. 17, they had arrived in Moscow. Less than a month later, Pearl Harbor was bombed. The threat to Moscow was never so acute again.

Even if Mr. Grew was correct in his assumption that the Pacific War could have been averted, it is difficult to believe that the likely alternative — a combined German-Japanese attack on the Soviet Union — would not have led inevitably to a war involving the United States, probably in circumstances that would have been far less favorable to the Allies.

The writer, who covered the war in the Pacific for Australian and British newspapers, was the chief Reuters correspondent in Tokyo from 1945 to 1949. He contributed this column to the International Herald Tribune.

## LETTERS TO THE EDITOR

## Universal Rights

Allow me, please, to correct some statements made by Stephen S. Rosenfeld ("Pete the Universal Declaration of Human Rights," Dec. 5-6).

The Universal Declaration of Human Rights was not written by UNESCO, but by the United Nations itself. The commission in charge of the work was presided over by Eleanor Roosevelt.

René Cassin was not the author of the famous Article 1 of the Universal Declaration: "All people are born free and equal in dignity and rights." This article was taken, word for word, from Article 1 of the Declaration des Droits de l'Homme et du Citoyen,

which was adopted in Paris in 1789 by the assembly during the French Revolution.

It is therefore more accurate to say that the assertion of Article 1 appeared revolutionary in 1789 and not in 1948, when public opinion was generally prepared to accept it.

GEORGES N. SKAFF.

## U.S. Firms and Nazis

In response to "U.S. Automakers Fight Claims of Aiding Nazis" (Dec. 3):

Maybe it can now be explained why a certain number of American plants, including General Motors and Ford in Germany, were never targeted [during World War II] and

were never bombed and destroyed. Many people have waited for an explanation.

PETER MANASSE, Monaco.

You mention only two companies, and I would suggest in the interest of history that you search also the activities of the Rockefeller Foundation and Standard Oil. You might also note that many hotels and restaurants in New York refused Jewish people as well as blacks. These practices were unknown in most of Europe and, specifically, in Switzerland, which seems to be the whipping boy for your media.

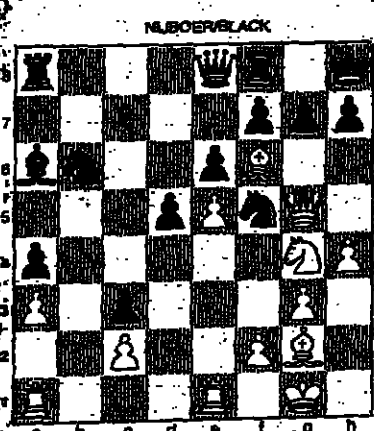
GERARD LEROUX, Geneva.

## CHESS

By Robert Byrne

OF the many legacies that Bobby Fischer bequeathed to chess, his treatment of the King's Indian Attack is coming in for a revival lately.

At first, the 13-year-old's choice of the opening was probably pragmatic: it was a formation that could be adapted to combat a wide range of defenses, so that he escaped the necessity for encyclopedic study. But he soon realized that it dovetailed beautifully with his bent for startling, imaginative combinations and made it a permanent part of his strategic storehouse.



Position after 22... Kh8

How this formation works can be seen in a contemporary game, from the fifth round of the World Chess Olympiad in Elista, Kalmykia. The Lexington, Kentucky, grandmaster Gregory Kaidanov brought down the Dutch grandmaster Priso Nijboer in the Fischer tradition.

After 3 d3 and 4 g3, Kaidanov converted a Sicilian Defense into a King's Indian Attack, which Bobby Fischer used with devastating effect in the 1960's. Nijboer's reply, 4...d5, is considered dubious, though with 4...Ngf5 Bg2 g6 6 O-O Bg7 7 c3 d5 8 Qe2 b6 9 e5 b6 10 h4 Bb7 11 Re1 Qe7 12 Na3 a6 13 Bf4 Nf5 14 Rac1 Qe7, Joel Lautier (as Black) got a tenable game against Nijboer in the Netherlands earlier this year. It is not evident why Nijboer didn't copy Lautier's successful method of development.

After 8 Re1, Nijboer should have gone ahead with his queenside mobilization, postponing 8...O-O until he was far advanced with a queenside attack.

With 9 e5 Kaidanov seized a superiority in kingside space that portended a mating attack. Nijboer's attack could not be stopped in the long run, but with 13 a3, Kaidanov created the formation that would take the longest for Black to penetrate. After 13...Ba6, he was not lured into taking a pawn with 14 ab? cb 15 Ra4 because 15...Nc5 16 Ra1 b3! would lead to the breakup of the white queenside pawn structure and a strong initiative for Black.

After 16...bc, Nijboer was all set up

for a victorious occupation of the b file with his rooks, but Kaidanov was all set up to nail the king.

With 19...Qe8, Nijboer was ready to construct a fortress with 20...f5!, but Kaidanov struck first with the nice bishop sacrifice, 20 Bf6! The first point was that taking it with 20...gxf6 21 Ng4 Nd7 22 e4 Kh8 is struck by 23 Bd5! ed 24 Re8 Ra8 25 Qd5 Nc8 26 Rb1; the material is even, but the black position is disorganized and indefensible.

With 21 Ng4, Kaidanov was threatening 22 Nh6! Kh8 32 Bg7! Kg7 33 Qg5 Kh8 34 Qf6mate.

After 21...Nf5 22 Qe5 Kh8, Kaidanov cut through the kingside anyway with 23 Bg7! Ng7 24 Nf6 Qd8 25 Qh6 Qf6 26 Qf6, winning the queen. Nijboer played on until 31 ef before giving up his hopeless situation.

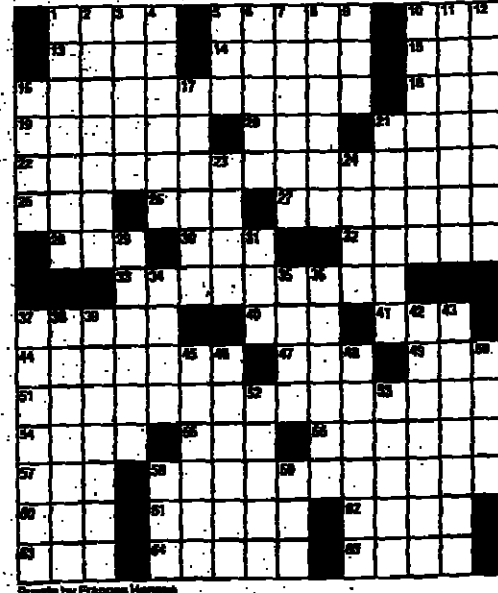
## KING'S INDIAN ATTACK

White	Black	White	Black
Kaidanov	Nijboer	Kaidanov	Nijboer
1 e4	c5	16 bc	Nb6
2 Nf3	e6	17 Ng5	Bg5
3 d3	Nc6	18 Qh5	Qe8
4 g3	d5	19 Bg5	Nd4
5 Nb2	Nf6	20 Bf6	Nf5
6 Bg2	Be7	21 Ng4	Kh8
7 O-O	Be7	22 Qe5	Qd8
8 Re1	0-0	23 Bg7	Ng7
9 e5	Nd7	24 Nf6	Qd8
10 Nf1	a5	25 Qh6	Qe8
11 B4	a4	26 Qf6	Ra8
12 Bf4	Ba6	27 Bg7	Ng7
13 a3	Ba6	28 Qd4	Bc4
14 Nf2	c4	29 B5	Rc3
15 B4	c3	30 Rb1	f5
		31 ef	Resigns

## CROSSWORD

- ACROSS**
- Polish border river
  - Lazy girl
  - It's lifting
  - Comic's misadventures
  - Strangle
  - Stimpy's TV pal
  - Character created by...
  - 58-Across
  - F.D.R. measure
  - Spiral-horned sheep
  - Ready
  - Tiny stream
  - Employers of 58-Across

- DOWN**
- Greek H
  - Army tops
  - Frozen desserts
  - German spa
  - Cleopatra or Smith
  - West Pointer
  - 1961 film featuring 58-Across
  - Funk of "Mambo/Side"
  - Ernie Ely's org.
  - Comic DeLuz
  - Paul of opera
  - Under the weather
  - Cavaler
  - Where 58-Across died, 1979
  - Bandy words
  - Burgle
  - Paros, in a way
  - SST's fly over it
  - Abol.
  - Memorable Big Top star born 12/27/38
  - King of Kings
  - Drops in the letter box
  - Clard's "a Man"
  - Leandro's love
  - "I give up"
  - So-called monster's home
  - First name in TV talk
  - Gregg Olson and others
  - Early assembly-line cars
  - Bates of "Psycho"
  - Extremely dry
  - Comma
  - Unusually
  - "Duck soup"
  - Clear as
  - Part of a sentence, in linguistics
  - Cassowary's cousin
  - Uzo



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APPEARING IN  
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To answer these questions and more, Time Warner is launching, for the entire month of December, its first ever integrated, cross-media pan-European editorial programme Visions of Europe. It will include an entire special issue of TIME Magazine, out December 10th. An extensive feature in FORTUNE

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# Cinderella Syndrome: Debutantes in Borrowed Plumes

By Suzy Menkes  
International Herald Tribune

**P**ARIS — Wearing casual pants and a sweater, but with Russian royal blood coursing through her veins, Nicoletta Consolo-Romanoff drooled over the dress she would wear to the ball.

"It's a Cinderella dress — the most beautiful I will ever see," she said of the spun-gold sheath in which she took her debutante's paces over the marble floor.

Le Bal Crillon des Debutantes, held last weekend in the Paris hotel overlooking Place de la Concorde, introduced 25 international upscale young women and a new social phenomenon: the Cinderella syndrome.

Home may be a castle or a mansion. The family name resonates with a noble French lineage, English aristocratic class or even a royal heritage — like Princess Fawzia Latifa of Egypt or Juliana Guillermo, the granddaughter of Juliana, former queen of the Netherlands.

But look into their closets, and all these well-born 16- to 19-year-olds get to wear are T-shirts and jeans. They know all about letting their hair down — but nothing about putting it up.

"It's an extraordinary event," said Guillermo, as a makeup artist created shimmering red lips to match her satin halter-necked gown. "In Holland, there is nothing like it — even for my cousin, who is the Crown Prince!"

As proud mother Susan Ferguson watched her 17-year-old daughter, Alice (half-sister to Sarah, the Duchess of York), negotiate the bijoux dinner tables and gift chairs in her baby-blue satin Dior gown, she said: "I feel nervous for her. She's never worn high heels in her life before."

Enter the fairy godmothers! In this case, the haute-couture houses, who waved magic wands to produce Romanoff's gilded Ungaro creation; the sea-green feather dress worn by Yasmine Arman, the daughter of the artist; and Lady Marina Scrymgeour's Christian Lacroix gown with appropriately ragged Cinderella silk threads.

So what happened at midnight? No problem. The deb's and their upper-crust escorts (sometimes boyfriend or brother) were still rollicking on the dance floor, with a few hours' grace before the finery was handed back.

The wheel of fashion has spun around since the baby boom generation cast off stuffy prom gowns and couldn't wait to get downtown. For their children, getting dressed for a formal do in a fancy hotel is an exotic treat.

The annual Crillon ball, sponsored by the hotel and by Mikimoto pearls of Japan as a benefit for the Pierre and Marie Curie Foundation, was not even the only game in town. Paris on Saturday was pumpkin central, with the Grand Hotel staging a ball commemorating the centennial of the death of the Austrian Empress Sissi, and a private dance on a Russian Steppes theme (dress: fur!) held by a group of rallyes, the exclusive clubs (yes, they still exist in France) where privileged kids meet the right sorts.

For cousins Pauline and Roxane de Pimodan, the Crillon affair was a step up from their two rallye dances each month, because they got to wear haute couture and have experts fix their hair and makeup. But the event was "unique" for the 16-year-old twins Agathe and Amelie Grouval-Finaz de Villaine, dressed by Givenchy in identical empire gowns, one black and the other white.

Most of the Anglo-Saxons found the



Twins Agathe, left, and Amelie Grouval-Finaz de Villaine in identical Givenchy empire dresses.

From left, Marina Scrymgeour in Lacroix, Alice Ferguson in Dior, Alexandra Pakenham in Bruce Oldfield and Poppy Fraser in Vivienne Westwood.



upscale scene extraordinary. "The French are more used to this kind of life — they really love being treated like princesses; the English are more low key," said Poppy Fraser, who was wearing a corseted Vivienne Westwood gown.

She had come from Britain with her second cousin, Alexandra Pakenham, whose American-born mother sees "real differences of nationality about how young people comport themselves." She thought that the social skills required to negotiate the evening were not dissimilar to the prerequisites for a job interview.

Other than promoting high fashion, fine jewelry and grand hotels, and providing a touch of glamour for the festive

season, a debutante ball can't be said to serve any real purpose. Surely most teenagers are not looking for a husband and have long since discovered the opposite sex.

But it was fun, and even emotional, for families with memories of their own deb days. Romanoff remembered her grandmother's story of meeting Prince Nicolas, her future husband, at her coming-out dance. Susan Ferguson recalled her white-gloved debut in Paris: Mimi Pakenham described coming out in America, just before the Vietnam War turned a young generation to serious issues. Corise Arman reminisced about her New York debut in ball dress and crown, but described her daughter's experience as a "fairy tale."



Juliana Guillermo, in a dress by the British designer Neil Cunniff, with her brother, Nicolas.



Invitation to Le Bal Crillon des Debutantes.



Nicoletta Consolo-Romanoff, in gilded Ungaro dress with embroidered ribbon bows, and her escort, Federico Scardamaglia.

Photo by Jean Luc Hoff

## BOOKS

### THE VICTORIAN UNDERWORLD

By Donald Thomas. 346 pages.

\$26.95. New York University Press.

Reviewed by David Nicholson

**T**HIS is a book to cure romantic notions that things were better in the Good Old Days. To be sure, criminals and their daring (sometimes, anyway) exploits are at the heart of this survey of life outside the law in Victorian London.

It is hard, for example, to read Donald Thomas's account of the Great Train Robbery of 1855 without wanting the thieves to make off with the fortune in gold coins and bullion that was shipped regularly from London to Paris. All that work forging keys. All that work carrying the equivalent weight in lead shot so the theft would go undetected when the chests that had contained the gold were weighed.

And it is hard not to admire the work of the swindler known only as Nicholas A. He would enter a jeweler's shop dressed in a fashionable army uniform, his right arm in a sling, seeking to rent silver plate for a dinner. In the course of the conversation it would come out that A. and the jeweler shared the same first and last names, and that A. was of a very good local family.

A. would offer to pay the £150 in advance for the rental — the problem was he carried no money. No matter. If the jeweler would be so kind as to write a note to A.'s wife — remember the injured right hand? — A. would send his footman to get the money.

That evening, after waiting in vain for the young gentleman to return, the jeweler would close up and go to his own home and his own wife, where he would discover his error.

Other charming and ingenious scoundrels appear throughout the pages of "The Victorian Underworld," as do such well-known figures as Jack the Ripper, in passing; the poet Swinburne, a sometime writer of pornography whose penchant for birching led to his being blackmailed; and "Walter," the author of the lengthy catalogue of his erotic adventures called "My Secret Life."

In the end, however, what proves most compelling (and heartbreaking), are the accounts of the lives of more ordinary Vic-

torians. Some were, of course, criminals — burglars, beggars, prostitutes, con men. Many, Thomas makes clear, turned to crime to survive.

Behind the quaint terms for what the world offered in the way of making a living ("coal-heavers and dock-labourers, dolly-mops and magsmen, cabinetmakers and seamstresses, bug-hunters and mudlarks," "the rum-seller, the street-stationer, the bird-seller, the crossing-sweeper, the orphan flower-girl, the whistling man, the happy-family exhibitor") were brutal realities.

Their lives were characterized by "a level of deprivation scarcely imaginable a century later." They slept three to a bed in two-pence-a-night lodging houses, drinking themselves into a stupor just so they could sleep.

Two orphan girls supported themselves and their brother by selling flowers on the street. Each day they had to earn at least a shilling more than they needed for food and lodging to buy their stock for the next day. A cabinetmaker and his family lived on tea and coffee and bread and butter. On Sundays, they ate "half a bullock's head... with an onion or potato." He worked 16 hours a day, except Sundays because "I haven't strength for it."

Thomas's source for all of this is the work of Henry Mayhew, a playwright and journalist who was "to Victorian journalism what Dickens was to the novel." From 1849 to 1862 Mayhew and his colleagues went into the streets to interview members of the Victorian underclass. They used shorthand to "preserve word by word self-portraits of street-folk, lodging-house inmates, beggars, prostitutes, pickpockets, house-breakers and cracksmen who would have gone to their graves in silence at any earlier time."

Reading about their lives, it's impossible to disagree with Thackeray, who wrote that Mayhew had given the world "a picture of human life so wonderful, so awful, so pitiable and pathetic, so exciting and terrible, that readers of romances own they never read anything like it." Most of all, though, it makes you want to read Mayhew himself.

David Nicholson, a Washington writer, reviews books frequently for The Washington Post.

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## A Power Broker's Return Casts a Chill Across Hollywood

By Bernard Weinraub  
New York Times Service

LOS ANGELES — He's back, and not too many people here are happy about it. After leaving the talent agency business three years ago for a troubled odyssey as a top executive in Walt Disney Co. and then as a Broadway theatrical mogul, Michael Ovitz has returned to the job he knows so well: overseeing the careers of movie stars.

Mr. Ovitz's return to Hollywood is expected to be announced in the next few weeks with the start of a new company, Artists Management Group, that will seek to manage movie stars, directors and writers. Mr. Ovitz has said privately that the company, which has already lured several young managers and agents from other companies, is part of an overall plan involving sports franchises, enter-

tainment, the Internet and the computer business. But across Hollywood — where memories of Mr. Ovitz's sometimes abrasive tactics as chairman of Creative Artists Agency are recalled with an undercurrent of nervousness and hostility among even agents at his former company — the return of one of Hollywood's top power brokers has been greeted with an unmistakable chill.

"He is dominating a little, and he's using the clout and clout of these young managers to get back into the mainstream," said Tom Ross, the former top music agent at Creative Artists who worked for Mr. Ovitz for years.

"Why is he coming back? He wants to be Michael Ovitz again," said Bernie Brillstein, a top talent manager who has tangled with Mr. Ovitz over the years. "He wants to reinvent himself."

No one underestimates the shrewdness and inventiveness of Mr. Ovitz, whose severance

package from Disney reached an extraordinary \$100 million. But in returning to the Hollywood fray he may find a somewhat altered landscape.

His new firm represents one bona fide star, Leonardo DiCaprio, and, perhaps, Cameron Diaz, but the young managers and former agents who have joined Mr. Ovitz do not represent the kind of A-list stars that bring in \$15 million or \$20 million a picture.

Few Hollywood moguls have left such a trail of enmity. Some of the biggest names in town — like David Geffen and Jeffrey Katzenberg, two of the owners of DreamWorks SKG, as well as Ron Meyer, who runs Universal Studios for Seagram Co. — barely speak to Mr. Ovitz. Michael Eisner, the Disney chairman, who dismissed Mr. Ovitz as his No. 2, has frosty relations with him. And the



Michael Ovitz, right, is expecting his new talent company, Artists Management Group, to represent the actors Leonardo DiCaprio and Cameron Diaz, for starters.

See OVITZ, Page 18

## British Aerospace Says Merger Is Near

Announcement Fuels Talk That Partner Is DaimlerChrysler Aerospace

By Tom Buckle  
International Herald Tribune

LONDON — Shares in British Aerospace PLC surged Monday after the company said it was in "relatively advanced" merger talks, raising speculation that the company was near completion of a deal with DaimlerChrysler Aerospace AG that would trigger a new wave of consolidation in Europe's aerospace and defense industry.

A merger would create Europe's biggest aerospace company, with sales of fighter and commercial aircraft and defense electronics of more than \$21 billion a year, ranking it behind only Boeing Co. and Lockheed Martin Corp. of the United States. A deal also would give British Aerospace and Dasa, the German aerospace unit, a powerful say in continuing efforts to forge a single pan-European aerospace concern.

BAC's announcement followed recent indications that potential political obstacles to a merger had faded after months of discussions between the two companies.

Ten days ago, the new German government of Chancellor Gerhard Schröder indicated it would support a merger. And last week, the French government signaled its acceptance that the British and German companies were likely to merge rather than pursue a

three-way deal involving state-owned Aerospaciale. The announcement by British Aerospace also followed a flurry of speculation in the German and British press over the weekend that a merger was imminent.

A merger appears "highly likely" over the next four weeks or so, said Andrew Clifton, an aerospace analyst at Merrill Lynch International here.

Nick Cunningham, an analyst at Salomon Smith Barney, said, "My gut feeling is that it's very close."

After the announcement, British Aerospace shares closed at \$155 per share (\$8.57), a gain of 3.4 percent. They were trading as high as \$178 during the day.

The development followed an apparent setback at the end of last week in efforts to transform Airbus Industrie, the commercial aircraft consortium, into a single corporate entity.

At a meeting of the four Airbus partners, Aerospaciale, which has a 37.9 percent stake in the consortium, demanded to control 50 percent of the new company. It argued that a merger between British Aerospace and Dasa would put Aerospaciale at a disadvantage in the restructuring talks because the British and German companies together would have a 57.9 stake in Airbus. Constructions Aeronautiques SA of Spain is the fourth Airbus partner.

The issue may hold up talks at Airbus, but it will have no effect on merger

discussions between British Aerospace and Dasa, spokesmen for the two companies said Monday.

"We don't make a link between Airbus Industrie and a European defense company," a Dasa spokesman said. A two-way merger would bring the two companies "closer to our common goal" of forging a unified, pan-European defense aerospace company, he added.

Both companies refused to go beyond the brief announcement of British Aerospace, however, declining to comment on the likelihood or timing of a merger.

The two companies are the leading contractors on the four-nation Eurofighter program, which would allow them to achieve major cost savings by agreeing to do final assembly in one rather than both countries.

The long-delayed fighter could be in production for the next 20 years, following an agreement by Britain, Germany, Italy and Spain to order 148 planes for \$8.3 billion in September. The countries eventually expect to order a total of 620 aircraft, and the partners hope to win export orders in competition with Lockheed Martin Corp.'s F-16 and Boeing Co.'s F-18.

Mr. Clifton of Merrill Lynch said the two companies could save \$250 million a year on costs by consolidating work on the Eurofighter, defense electronics and Airbus.



William McDonough, right, the president of the New York Fed, telling Congress about the rescue of the fund as Alan Greenspan, left, chairman of the Federal Reserve Board, looked on.

## LTCM: What Has Wall Street Learned?

Fund's Near-Collapse Tests Basic Assumptions of Investment World

By Diana B. Henriques  
New York Times Service

NEW YORK — Today, with stock markets stronger and bond markets quietly going about their workaday business, it hardly seems possible that less than three months ago some of Wall Street's smartest and most powerful people thought the problems of one giant hedge fund, Long-Term Capital Management L.P. of Greenwich, Conn., might push the world's markets to the brink of disaster.

The 14 Wall Street banks and brokerage houses that pumped in \$3.6 billion and took 90 percent ownership of the fund when it was only hours away from collapse may now see windfall profits on what seemed like a desperate roll of the dice, a daring bailout encouraged by nervous regulators at the Federal Reserve Bank of New York.

The fund's recovery does not itself resolve the argument over whether the Fed should have brokered the arrangements that rescued Long-Term Capital from bankruptcy on Sept. 23. Supporters say the Fed saved the day and laid the groundwork for the current rebound, while critics say the

rebound proves that markets do just fine without such heavy-handed interference.

But the larger lessons of Long-Term Capital's crisis may not be as fleeting as the recent dip in the Dow. The fund was once so impressive that it garnered billions of dollars from some of the biggest names in finance. When it almost collapsed, it tested some fundamental assumptions of the investment world — and found them severely flawed.

• Diversification, the elementary precept of not putting all of one's eggs in a single basket, failed utterly. The fund had spread its bets among many markets in various countries around the world. But the strategy did not protect it from the chain reaction that hit global markets in August. Indeed, the complexity and diversity of its holdings made the last-minute rescue effort complicated and difficult.

In the aftermath, professional investors have been left wondering whether a diverse portfolio offers any protection from future financial storms.

• The markets for financial derivatives and many other new kinds of investments, which have been hailed as ways

See LTCM, Page 18

## Thinking Ahead / Commentary

### Lafontaine's Dangerous Self-Esteem

By Reginald Dale  
International Herald Tribune

WASHINGTON — Political power does wonders for self-esteem. Two years ago, Oskar Lafontaine came to Washington as an apparently fading star of Germany's opposition Social Democrats, his anxious body language radiating insecurity.

Last week he was back exuding confidence as his country's new economic and financial supremo, arguably one of the most powerful men in Europe. His transformation, however, is not necessarily good news for everyone else.

In his few weeks in office, he has alienated German business with ill-conceived plans to increase corporate tax burdens and raised questions over who really runs the country, he or the weak-looking Chancellor Gerhard Schröder.

By energetically pursuing old-fashioned socialist economic remedies, Mr. Lafontaine has undercut Mr. Schröder's pre-election pledge to forge a pro-business "new center" in German politics, based loosely on the "New Labour" policies of the British prime minister, Tony Blair.

As if to drive home the point, Mr. Lafontaine has upset Mr. Blair's government with calls for tax standardization throughout the European Union, to raise taxes in Britain and other countries closer to high German levels, and by challenging Britain's unques-

tioned right under EU procedures to veto his proposals.

More generally, Mr. Lafontaine has aroused fears both in Europe and in the United States that the old unreconstructed European left is back in charge — aided and abetted, in Germany at least, by dangerously woolly-minded environmentalists.

The question all this raises is whether Germany's European and American partners are right to be afraid — or will Mr. Lafontaine's bark turn out to be worse than his bite?

Recently, Mr. Lafontaine has somewhat muted his bark. He has complained, too often to be totally convincing, that his pronouncements have been twisted to exaggerate his more extreme views and eliminate the balancing elements.

In Washington, he went out of his way to sound reasonable. He played down his proposal for target zones for international exchange rates, especially for the dollar and euro, and said he was not proposing much more than an extension of the kind of stabilization achieved between the Deutsche mark and dollar since the mid-1980s.

He insisted that, appearances to the contrary, he supports the independence of the new European Central Bank, which will set interest rates in the 11 countries introducing the euro from Jan. 1. And he promised there was no risk that Germany would breach the Euro-

pean Union's stability pact by running a budget deficit higher than 3 percent of the nation's gross domestic product.

Above all, he said that his proposals to bolster demand through monetary, wage and possibly fiscal measures were only part of a policy mix that would also include supply-side structural reforms, for example by improving Germany's social security system.

It may be that Mr. Lafontaine is toning down his bark because he is discovering that his bite is not going to be as sharp as he thought — just as the French Socialists did after unexpectedly taking power last year.

As Mark Howdle of Salomon Smith Barney in London pointed out, European developments over the past 20 years, including the EU single market, free capital flows, the stability pact and economic and monetary union, have progressively limited the scope for governments to adopt leftist policies.

It seems, however, that Mr. Lafontaine's aim is to circumvent that hurdle by establishing his policies at a European level, now that 11 of the 15 EU governments are broadly of the center-left.

The odds are he will fail. His policies will certainly not solve Germany's or Europe's unemployment problems. But Europe looked safer before Mr. Lafontaine recaptured his self-esteem.

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## European Firm Picks Up IBM's Torch

Compiled by Our Staff From Dispatches

LAUSANNE, Switzerland — Olympic organizers appointed the little-known European computer group Sema on Monday to replace IBM as the Olympics' chief technology sponsor, starting in 2001.

International Business Machines Corp., the world's largest computer company, said in August that it would end its 38-year partnership with the International Olympic Committee after the 2000 Summer Games in Sydney.

The IOC described the eight-year deal with Sema, a French-English company, as the biggest sports-related information technology contract ever awarded.

While figures were not disclosed, the deal was believed to be worth about \$220 million overall.

Sema will head a consortium of three companies in the IOC's new Olympic Information Technology Group. The companies will provide the computer technology and results systems for the summer games of 2004 and 2008 and winter games of 2002 and 2006. The Salt Lake City Winter Olympics in 2002 will be the first Games operating under the new technology arrangement.

Sema is a relatively obscure European computer services and defense technology firm employing 16,500 people. The high-profile tie-in with the Olympics should put the company on the world map, although it is Europe's second-largest computer services company.

Sema was a subcontractor that provided information systems at the 1992 Barcelona Games and has been involved in such other sports events as the 1994 soccer World Cup, the 1996 European Soccer Championship and the 1998 Commonwealth Games.

"It's not a very well-known brand name, but they come to the table with a tremendous amount of knowl-

edge and understanding," said Michael Payne, the IOC marketing director. "The IOC's primary decision was to ensure we had the best technology solution and to create a risk-free scenario as possible."

The other parts of the Olympics technology team are a hardware supplier and a timing company. "We expect

the other two elements to fall into place in the next couple of months," Mr. Payne said.

IBM was roundly criticized for glitches in its computer results system at the 1996 Summer Olympics in Atlanta.

United Kingdom and French operations account for 60 percent of Sema's revenue. Only 4 percent of its sales are in the U.S. market, a situation

the company is trying to change by buying an information technology services company for up to \$1 billion in the United States next year.

"Our ability to web together different computer systems rather than push a proprietary system as did IBM is what worked to our advantage," said Tudu Maini, a Sema vice president.

(AP, Bloomberg, Reuters)

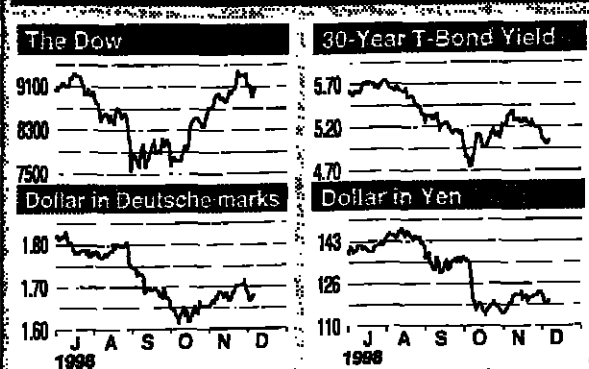
## CURRENCY & INTEREST RATES

Cross Rates										Dec. 7										Libid-Libor Rates										Dec. 7									
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## THE AMERICAS

## Investor's America



Country	Index	Change
U.S.	Dow Jones	+1,000.00
U.S.	S&P 500	+100.00
U.S.	NASDAQ Composite	+100.00
U.S.	AMEX Composite	+100.00
U.S.	NYSE Composite	+100.00
U.S.	NYSE 100	+100.00
U.S.	NYSE 200	+100.00
U.S.	NYSE 300	+100.00
U.S.	NYSE 400	+100.00
U.S.	NYSE 500	+100.00
U.S.	NYSE 600	+100.00
U.S.	NYSE 700	+100.00
U.S.	NYSE 800	+100.00
U.S.	NYSE 900	+100.00
U.S.	NYSE 1000	+100.00
U.S.	NYSE 1100	+100.00
U.S.	NYSE 1200	+100.00
U.S.	NYSE 1300	+100.00
U.S.	NYSE 1400	+100.00
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U.S.	NYSE 2000	+100.00
U.S.	NYSE 2100	+100.00
U.S.	NYSE 2200	+100.00
U.S.	NYSE 2300	+100.00
U.S.	NYSE 2400	+100.00
U.S.	NYSE 2500	+100.00
U.S.	NYSE 2600	+100.00
U.S.	NYSE 2700	+100.00
U.S.	NYSE 2800	+100.00
U.S.	NYSE 2900	+100.00
U.S.	NYSE 3000	+100.00
U.S.	NYSE 3100	+100.00
U.S.	NYSE 3200	+100.00
U.S.	NYSE 3300	+100.00
U.S.	NYSE 3400	+100.00
U.S.	NYSE 3500	+100.00
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U.S.	NYSE 7700	+100.00
U.S.	NYSE 7800	+100.00
U.S.	NYSE 7900	+100.00
U.S.	NYSE 8000	+100.00
U.S.	NYSE 8100	+100.00
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U.S.	NYSE 8400	+100.00
U.S.	NYSE 8500	+100.00
U.S.	NYSE 8600	+100.00
U.S.	NYSE 8700	+100.00
U.S.	NYSE 8800	+100.00
U.S.	NYSE 8900	+100.00
U.S.	NYSE 9000	+100.00
U.S.	NYSE 9100	+100.00
U.S.	NYSE 9200	+100.00
U.S.	NYSE 9300	+100.00
U.S.	NYSE 9400	+100.00
U.S.	NYSE 9500	+100.00
U.S.	NYSE 9600	+100.00
U.S.	NYSE 9700	+100.00
U.S.	NYSE 9800	+100.00
U.S.	NYSE 9900	+100.00
U.S.	NYSE 10000	+100.00

## Very briefly:

- Oil prices rose on optimism that the president-elect of Venezuela, Hugo Chavez, will keep his campaign promise to abide by agreements to cut output and prop up prices. Contracts for January delivery of crude closed 30 cents a barrel higher at \$11.47 on the New York Mercantile Exchange.
- Microsoft Corp. and Barnes & Noble Inc. agreed to a multimillion-dollar marketing agreement that gave the book-seller exclusive rights to the MSN on-line network; both companies will sell Microsoft products and services through their Web sites. Financial terms were not disclosed.
- Liz Claiborne Inc. will close 30 of its 230 stores, cut 400 jobs and take a restructuring charge of \$13 million to \$17 million that will reduce the clothing company's fourth-quarter earnings by as much as one-third.
- Fleming Cos. will get rid of seven of its 41 grocery distribution centers, sell a Florida supermarket chain and take charges totaling \$627 million, most of them in the fourth quarter, as it seeks to increase its profit margin.
- Brazil's budget shortfall widened to 9.6 billion reais (\$8 billion) in September as higher interest rates increased debt payments.

## Weekend Box Office

The Associated Press

LOS ANGELES — "A Bug's Life" dominated the U.S. box office over the weekend, with a gross of \$17.4 million. Following are the Top 10 money-makers, based on Saturday's ticket sales and estimated sales for Sunday.

Rank	Title	Gross
1	A Bug's Life	\$17.4 million
2	The Waterboy	\$10.5 million
3	Enemy of the State	\$9.5 million
4	The Rugrats Movie	\$8.5 million
5	The Waterboy	\$6.6 million
6	Boys in the City	\$5.4 million
7	Heavenly Creatures	\$5.2 million
8	Home Fries	\$5.2 million
9	The Elvish	\$5.2 million
10	101 Dalmatians	\$5.1 million

## A State Quits Suit Against Microsoft

Compiled by Our Staff From Dispatches

COLUMBIA, South Carolina — South Carolina will withdraw from the antitrust suit against Microsoft Corp. because the recent purchase of Netscape Communications Corp. by America Online Inc. shows the software market is competitive, the state attorney general, Charlie Condon, said Monday.

The high-profile defection from the group of 20 states that sued Microsoft marks a victory for the software maker, which argues that the deal announced last month makes antitrust action against it unwarranted.

"I can no longer justify our continued involvement or the expenditure of state resources on a trial that has been made moot by the actions of the competitive marketplace," Mr. Condon said.

Mr. Condon, a Republican, criticized the way the Justice Department has handled the case brought by the federal government and the states.

"It has become clear that the government's case has been about Internet competitors, not about consumers," Mr. Condon said. "The government's witnesses are either Microsoft's competitors or paid government experts."

The case initially centered on government allegations that Microsoft unfairly used its market power to force computer makers to accept its Internet browsing software bundled with its Windows 95 operating system. The government and the states contend the move damaged the competitive ability of Netscape, which has the rival Navigator browser.

Netscape and AOL agreed late last month to merge as well as form an alliance with Sun Microsystems Inc., a Microsoft rival whose Java programming language is designed to allow computer programs work with different operating systems.

Separately, Bill Gates, the chairman of Microsoft, accused the government of trying to destroy his company by going forward with its antitrust case.

"When you look at the AOL-Netscape deal, it's hard to believe that the government can still press their case with a straight face," Mr. Gates said. "Three of the biggest competitors are banding together and yet the government is still trying to slow us down."

Microsoft stock rose \$6.1875 to close at a record \$133.5625.

## Car-Seat Maker Lear Plans to Trim 2,800 Jobs

Compiled by Our Staff From Dispatches

SOUTHFIELD, Michigan — Lear Corp., the world's biggest maker of car seats, said Monday it would cut about 2,800 jobs, or 4 percent of its workforce, as it closed 18 plants in a previously announced plan to reduce costs.

A company spokeswoman, Karen Stewart, would not say which plants would be affected. She said those details would be given directly to employees.

About 1,100 of the jobs will be

eliminated in North America and the rest in Europe, the company said; two of the plants to be closed are in North America, 15 are in Europe, and one is in South America.

Lear will take a pretax charge of about \$133 million in the fourth quarter, which is expected to result in a loss for the quarter, analysts said. About \$85 million of the charge will be in cash. The charge is greater than Lear's initial estimate of about \$125 million.

Lear has been on a buying spree

for the past few years, adding more than 200 plants. This year, it bought the car-seat business of General Motors Corp.'s Delphi parts division and parts companies in Italy and Britain. It also announced plans to expand production in Portugal and Russia.

Analysts said that after those acquisitions the company had not been able to meet its price targets, especially in Europe.

"In the helter-skelter acquisition activity the company has been

involved in, some excess costs piled up," said John Casasa, an analyst with Schroeder & Co. "They're using this opportunity to reduce costs."

The reorganization, expected to be completed by 2000, aims to reduce operating costs by more than \$40 million annually.

Lear's shares rose \$1.4375 to close at \$38.8125. The shares have fallen about one-third from their highs reached this year.

(Bloomberg, AP)

## Technology Issues Push Nasdaq to Record

Compiled by Our Staff From Dispatches

NEW YORK — Share prices rose Monday, with the Nasdaq composite index setting a record high on expectations for technology stocks to have the fastest earnings growth in coming months.

The Nasdaq finished 37.72 points higher at a record 2,040.88. The Dow Jones industrial average closed 54.33 points higher at 9,070.47, and the Standard & Poor's 500 index rose

11.20 to 1,187.74. Gaining issues outnumbered losing ones by 84-to-3 ratio on the New York Stock Exchange.

## U.S. STOCKS

"You're seeing a return to leadership among large technology firms," said Eric Wiegand, a money manager at First Union Corp. Compaq Computer was the most

actively traded stock, rising 3 to 41 1/16. Dell Computer rose 1 1/2 to 67 1/2.

There is good consumer demand out there and there isn't a lot of inventory," Mr. Wiegand said of the personal computer market.

Other technology stocks also gained. Thrustmaster rose 6 7/16 to 114 after the company announced the release of a software product called Talk 'N' Play, which allows as

many as four people to simultaneously play games over the Internet.

EarthWeb rose 19 to 52 after the on-line provider of technical information for Web site designers said it had signed up 45 advertisers since Sept. 1, raising its total to 139.

Transportation stocks were strong, led by FDAX, the parent of Federal Express, which rose 5 3/4 to 73. The company's chief executive told Barron's magazine that FedEx could be considered more of an Internet company because it delivered products ordered over the global computer network and was likely to benefit from the boom in electronic commerce.

Airborne Freight, a competitor in the overnight package business, rose 1 1/4 to 30 1/4.

Boeing rose 1 1/16 to 34 1/2 after its 757-300 jet made its debut in Europe. The company said last week it was laying off thousands of workers and scaling back production on its flagship 747 model.

AMR, the parent of American Airlines, rose 1/4 to 60 1/4, and Southwest Airlines rose 1/2 to 22 1/4.

Phil Orlando, chief investment officer of Value Line's Asset Management division, said the downturn in transportation stocks was also being helped by the strong U.S. employment report issued Friday.

"Airlines and railroads have been down on the assumption that we were heading into a recession," he said. The report, which showed surprisingly strong job growth, lent strength to the idea that there would be more people and freight to transport next year.

In the Treasury bond market, the price of the benchmark 30-year issue was flat at 103 7/32, leaving the yield at 5.04 percent. Traders said gains in stocks had sapped demand for fixed-income securities.

(Bloomberg, Reuters, AP)

## Deutsche Faces Holocaust Hurdle

Compiled by Our Staff From Dispatches

NEW YORK — The city comptroller, whose sanction threat persuaded them to resolve Holocaust claims, said Monday that Deutsche Bank AG's proposed purchase of Bankers Trust Co. should be delayed until similar claims were settled.

"When federal and state governments review this proposed merger, they should consider how Deutsche Bank is dealing with Holocaust-related claims," Alan Hevesi, the city comptroller, said in prepared remarks.

The \$10 billion deal must be approved by the U.S. Federal Reserve Board and, because New York is a world financial center, by state banking officials as well. Holocaust survivors and heirs, through their lawyers, asked the Fed last week to delay approving the takeover until an investigation of the German bank's World War II activities was completed.

## Ever-Grimmer Expectations About Japan Benefit Dollar

Bloomberg News

NEW YORK — The dollar rose against the yen Monday on expectations that the Japanese recession would deepen.

Economists predict that the Bank of Japan's closely watched quarterly tankan survey, due Monday, will show business confidence to be at a four-and-a-half year low.

"The market is refocusing on the economic blight in Japan," said David Factor, senior trader at American Express Bank. "There's a general overview that Japan's economy is still hurting."

The dollar rose to 119.75 yen in 4 P.M. trading from 118.75 yen Friday.

Traders also bought dollars after the policy chief of the governing Liberal Democratic Party reiterated his opposition to cutting the 5 percent national sales tax.

The Liberal Party, which is entering a coalition with the Liberal Democrats, wants to reduce the tax, raised from 3 percent in April 1997, to help pull the economy out of a seven-year slump.

The dollar was supported against

European currencies after Wim Duisenberg, president of the European Central Bank, said interest rates in the 11 countries adopting the euro should be kept at their current levels for the "foreseeable future."

The dollar rose to 1.6785 Deutsche marks from 1.6758 DM.

## FOREIGN EXCHANGE

to 5.6333 French francs from 5.6220 francs and to 1.3770 Swiss francs from 1.3675 francs. The pound fell to \$1.6515 from \$1.6635.

But the dollar's advance was held back over concerns related to the ongoing impeachment proceedings against President Bill Clinton. The Judiciary Committee will probably pass out to the House of Representatives at least one article of impeachment by the end of the week.

"For U.S. investors, it's an aside," said Maureen McFarland of MacKay-Shields Financial Corp. "But this is a big question mark for foreign investors. What happens if Clinton is impeached? It really detracts from the dollar's luster."

## U. S. STOCK MARKET DIARY

Compiled by Our Staff From Dispatches

Indexes: Dow Jones, S&P 500, NASDAQ, AMEX, NYSE, NYSE 100, NYSE 200, NYSE 300, NYSE 400, NYSE 500, NYSE 600, NYSE 700, NYSE 800, NYSE 900, NYSE 1000.

Most Active: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Standard & Poors: Industrial, Financial, Consumer Goods, Health Care, Technology, Energy, Utilities, Real Estate, Transportation, Communications, Consumer Services, Government, International.

NYSE: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Nasdaq: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

AMEX: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Dow Jones Bond: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

20 Bonds: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

10 Industrials: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Trading Activity: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

NYSE: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Nasdaq: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

AMEX: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

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10 Industrials: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Market Sales: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Dividends: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Company: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Per Amt Rec Pay: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

STOCK: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

INCREASED: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Year End: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

SPECIAL: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Thru Capital: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

U.S. Stock Tables Explained: IBM, Microsoft, Apple, Oracle, Sun, HP, Dell, Compaq, AMD, Intel, NVIDIA, Texas Instruments, Analog Devices, Microware, Motorola, National Semiconductor.

Sales figures are unaudited. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the yearly high and low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual dividends based on the latest declaration.

a - dividend also extra (b) - annual rate of dividend plus stock dividend (c) - liquidating dividend (d) - PE expects 90-day call (e) - new yearly high (f) - low in the last 12 months (g) - dividend declared or paid in preceding 12 months (h) - annual rate, increased on last declaration (i) - dividend in Canadian funds, subject to 15% non-residence tax (j) - dividend declared after split-up or stock dividend (k) - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting (l) - dividend declared or paid this year, omitted, deferred, or no action taken at latest dividend meeting (m) - dividend rate, increased on last declaration (n) - new issue in the past 12 months (o) - new issue in the past 12 months (p) - new issue in the past 12 months (q) - closed-end mutual fund (r) - dividend declared or paid in preceding 12 months, plus stock dividend (s) - stock split (t) - dividend begins with date of split (u) - sales (v) - dividend paid in stock in preceding 12 months (w) - estimated cash value on ex-dividend or ex-distribution date (x) - new yearly high (y) - trading halted (z) - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or as otherwise assumed by such companies (aa) - when distributed (ab) - when issued (ac) - with warrants (ad) - ex-dividend or ex-rights (ae) - ex-distribution (af) - without warrants (ag) - with dividends (ah) - sales in full (ai) - sales in full (aj) - sales in full (ak) - sales in full (al) - sales in full (am) - sales in full (an) - sales in full (ao) - sales in full (ap) - sales in full (aq) - sales in full (ar) - sales in full (as) - sales in full (at) - sales in full (au) - sales in full (av) - sales in full (aw) - sales in full (ax) - sales in full (ay) - sales in full (az) - sales in full (ba) - sales in full (bb) - sales in full (bc) - sales in full (bd) - sales in full (be) - sales in full (bf) - sales in full (bg) - sales in full (bh) - sales in full (bi) - sales in full (bj) - sales in full (bk) - sales in full (bl) - sales in full (bm) - sales in full (bn) - sales in full (bo) - sales in full (bp) - sales in full (bq) - sales in full (br) - sales in full (bs) - sales in full (bt) - sales in full (bu) - sales in full (bv) - sales in full (bw) - sales in full (bx) - sales in full (by) - sales in full (bz) - sales in full (ca) - sales in full (cb) - sales in full (cc) - sales in full (cd) - sales in full (ce) -



## EUROPE

## Scottish Power Agrees To Acquire PacifiCorp

Compiled by Our Staff From Dispatches

GLASGOW — Scottish Power PLC, Britain's largest electric utility, agreed Monday to buy PacifiCorp for about \$12.8 billion in stock and assumed debt in what would be the first acquisition of a large U.S. utility by a non-U.S. concern.

Scottish Power agreed to pay about \$25.13 in stock for each PacifiCorp share. PacifiCorp, the largest utility in the Pacific Northwest, is carrying \$4.9 billion in long-term debt. Its shares were quoted at \$20.1875, down 56.25 cents, in late trading on the New York Stock Exchange. Scottish Power shares closed at 638 pence (\$10.62) in London, down 34.

The transaction, which is subject to regulatory approval, would create a company with a total of 7 million customers in Britain and the United States and a market capitalization of more than \$19 billion. It would be

among the 10 biggest utilities in the world.

The accord also marks a role reversal between British and American utilities. While U.S. companies have spent about \$20 billion over the past three years swallowing huge slices of Britain's newly deregulated electricity market, they are now pulling back as Britain's regulatory climate gets tougher.

In April, PacifiCorp itself was trying to break into Britain but lost the bidding war for control of Energy Group PLC to Texas Utilities Co. PacifiCorp failed a retroactive test after the failed bid and pulled back from international expansion. Scottish Power, meanwhile, has been looking for a U.S. deal to offset constraints on domestic earnings.

Analysts said the purchase was a sensible move for Scottish Power. "They need to do something because their earnings in the U.K. are



Key executives in Scottish Power's acquisition of PacifiCorp are, from left, Ian Russell, deputy CEO of Scottish Power; Richard O'Brien, chief operating officer of PacifiCorp; Murray Stuart, Scottish Power's chairman, and Ian Robinson, its chief executive.

stalling," said Angelos Anastasiou, an analyst at Credit Lyonnais Securities. "They are involved in a number of regulated utility businesses which are going to have steep declines in their profitability following April 2000."

That is the month when water and

electricity regulators in Britain are due to introduce new price limits.

PacifiCorp, based in Portland, Oregon, has 1.4 million U.S. customers, a network of transmission lines and low-cost power to sell in Western states as they liberalize competition. (Bloomberg, Reuters)

## Russia Seeks Soviet Debt Forgiveness

Compiled by Our Staff From Dispatches

MOSCOW — Russia said Monday it would ask its creditor governments this week to cancel part of \$40 billion it owes them in debt left over from the Soviet era.

Some analysts said Russia's latest plea for help in cutting its debt-servicing costs probably would not work. Russia needs an International Monetary Fund loan agreement to conclude any deal with the Paris Club of sovereign creditors, and the IMF is waiting for Russia to propose a sound 1999 budget.

"I would be amazed if the Paris Club at this point would agree to debt forgiveness, even in principle," said David Riley, a director at the credit-rating company Fitch IBCA Ltd. in London. He added that any deal not linked to the IMF package would be "just putting money into a black hole."

Russia aims to reduce its debt burden to secure fresh IMF loans and regain access to international markets that it lost when it defaulted on 281 billion rubles (\$15 billion) in Treasury debt in August.

It has since defaulted on 751.5 million Deutsche marks (\$449 million) in interest due to Germany and missed a \$362 million payment to London Club banks.

Russia has already proposed restructuring its Treasury debt. Now it is focusing on the Soviet-era debt, owed to the London Club and Paris Club, that it repackaged last year into principal notes and interest-arrears notes.

Separately, a team of specialists from the World Bank arrived in Moscow for more loan talks Monday. The team is to reconsider terms of a previously promised \$1.5 billion loan for structural reform, an \$800 million social-reform credit and an \$800 million loan to streamline the country's ailing coal industry, the Interfax news agency reported.

(Bloomberg, AP)

## GKN to Acquire U.S. Parts Maker Interlake

Compiled by Our Staff From Dispatches

LONDON — GKN PLC said Monday that it would pay \$335 million (\$557.7 million) to acquire Interlake Corp., an American maker of auto, aerospace and materials-handling components.

GKN said the deal — which includes about \$292 million of debt — would bolster its powdered-metals and aerospace businesses and increase earnings in the first year.

"This is a strategically important acquisition for GKN," said C.K. Chow, chief executive, "and another important step forward in our well-established and successful growth strategy."

GKN, which makes Westland helicopters, is seeking a focus for its defense operations. The company is combining its helicopter business with that of Finmeccanica SpA of Italy and selling its armored-vehicle

business to Alvis PLC. With Interlake, GKN's annual sales of metals and aerospace parts are expected to increase by nearly a third.

GKN, which said it would not borrow to finance the acquisition, will shortly start a tender offer for all Interlake shares outstanding at \$7.25 each. First Chicago Equity Corp., which holds a 25 percent stake, has already agreed to the sale.

Interlake shares were up \$3.375 at

\$6.875 in late New York trading.

The company was spun off from Acme Metals Inc. in 1986.

Mr. Chow said the U.S. market would account for around 20 percent of GKN's sales by 2000, compared with 12 percent now and 16 percent including Interlake's current sales. Interlake's Hoeganeses Corp. unit is the leading North American supplier of ferrous powdered metals, the main material used by GKN's Sinter Metals subsidiary, which is the world's largest producer of powdered-metal components.

GKN forecast increased deliveries in aerospace and growth in industrial services.

"While the market environment for automotive operations is likely to be less favorable, these businesses are strongly positioned to compete in a challenging environment," it added. Mr. Chow denied that the statement constituted a profit warning, adding that GKN would increase market share in 1999.

Current expectations for the auto sector next year range from no growth to a contraction of between 3 percent and 4 percent, he said.

(Bridge News, Reuters, Bloomberg)

## Unemployment Drops in Euro Countries

Bloomberg News

BRUSSELS — Unemployment in the 11 European countries adopting a common currency fell in October, fueling hopes that stronger consumer demand will help keep the continent's economic recovery alive.

The unemployment rate in the euro bloc dropped to 10.8 percent in October from 10.9 percent in September, the EU statistics agency - Eurostat - said. Unemployment

throughout the 15-nation EU was unchanged at a revised 9.8 percent.

European unemployment is still about twice the level of the United States and Japan, and economists warn that joblessness will decline at a slower pace in coming months as export losses deter companies from investing and taking on extra staff.

Eurostat said 16.8 million people were unemployed in the EU at the end of October. Luxembourg had the lowest unemployment rate in the

EU, at 2.2 percent; Spain had the highest, at 18.2 percent.

The single currency will start on Jan. 1 with Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Britain, Sweden and Denmark chose to keep their currencies for now, while Greece failed to qualify.

The EU report is seasonally adjusted and counts only people who are actively seeking work.

## WORLD STOCK MARKETS

Monday, Dec. 7

Daily prices in local currencies

Tel Aviv

High Low Close Prev.

Amsterdam

High Low Close Prev.

Frankfurt

High Low Close Prev.

London

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Paris

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Tokyo

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Hong Kong

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Santiago

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Sao Paulo

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Tehran

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Tientsin

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Yokohama

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Market Closed

Bangkok stock market

was closed Monday for a holiday.

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Brussels

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Copenhagen

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Helsinki

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Rangoon

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**Monday 3-4 P.M. Close**  
The 2,600 most traded stocks of the day.  
Nationwide prices not reflecting late trades elsewhere.  
*The Associated Press.*

[illegible][illegible][illegible]

12 Month	Stock	Div Yld Pct	High	Lowest	Open
324	3M Co	2.7%	21.14	19.75	20.00
325	3M Co	2.7%	21.14	19.75	20.00
326	3M Co	2.7%	21.14	19.75	20.00
327	3M Co	2.7%	21.14	19.75	20.00
328	3M Co	2.7%	21.14	19.75	20.00
329	3M Co	2.7%	21.14	19.75	20.00
330	3M Co	2.7%	21.14	19.75	20.00
331	3M Co	2.7%	21.14	19.75	20.00
332	3M Co	2.7%	21.14	19.75	20.00
333	3M Co	2.7%	21.14	19.75	20.00
334	3M Co	2.7%	21.14	19.75	20.00
335	3M Co	2.7%	21.14	19.75	20.00
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382	3M Co	2.7%	21.14	19.75	20.00
383	3M Co	2.7%	21.14	19.75	20.00
384	3M Co	2.7%	21.14	19.75	20.00
385	3M Co	2.7%	21.14	19.75	20.00
386	3M Co	2.7%	21.14	19.75	20.00
387	3M Co	2.7%	21.14	19.75	20.00
388	3M Co	2.7%	21.14	19.75	20.00
389	3M Co	2.7%	21.14	19.75	20.00
390	3M Co	2.7%	21.14	19.75	20.00
391	3M Co	2.7%	21.14	19.75	20.00
392	3M Co	2.7%	21.14	19.75	20.00

[illegible]

1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582	581	580	579	578	577	576	575	574	573	572	571	570	569	568	567	566	565	564	563	562	561	560	559	558	557</
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**Continued on Page 16**

The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
*The Associated Press*

[illegible]

Sl. No.	Particulars	Amount	Sl. No.	Particulars	Amount
1	Salaries and Wages	100000	11	Depreciation	5000
2	Gratuity	20000	12	Provision for doubtful debts	10000
3	Dividend	15000	13	Provision for income tax	8000
4	Interest on loans	30000	14	Provision for gift tax	5000
5	Interest on debentures	25000	15	Provision for capital gains tax	3000
6	Interest on government securities	10000	16	Provision for corporation tax	12000
7	Interest on bank deposits	5000	17	Provision for estate duty	7000
8	Interest on bonds	12000	18	Provision for inheritance tax	4000
9	Interest on debentures	18000	19	Provision for stamp duty	2000
10	Interest on government securities	8000	20	Provision for other taxes	1000
21	Transfer to Reserve	50000			
22	Transfer to General Reserve	30000			
23	Transfer to Special Reserve	20000			
24	Transfer to Contingent Reserve	10000			
25	Transfer to Capital Reserve	5000			
26	Transfer to Profit Reserve	3000			
27	Transfer to Dividend Reserve	1500			
28	Transfer to Gratuity Reserve	1000			
29	Transfer to Interest Reserve	500			
30	Transfer to Depreciation Reserve	500			
31	Transfer to Provision for doubtful debts	500			
32	Transfer to Provision for income tax	500			
33	Transfer to Provision for gift tax	500			
34	Transfer to Provision for capital gains tax	500			
35	Transfer to Provision for corporation tax	500			
36	Transfer to Provision for estate duty	500			
37	Transfer to Provision for inheritance tax	500			
38	Transfer to Provision for stamp duty	500			
39	Transfer to Provision for other taxes	500			
40	Transfer to Reserve	50000			
41	Transfer to General Reserve	30000			
42	Transfer to Special Reserve	20000			
43	Transfer to Contingent Reserve	10000			
44	Transfer to Capital Reserve	5000			
45	Transfer to Profit Reserve	3000			
46	Transfer to Dividend Reserve	1500			
47	Transfer to Gratuity Reserve	1000			
48	Transfer to Interest Reserve	500			
49	Transfer to Depreciation Reserve	500			
50	Transfer to Provision for doubtful debts	500			
51	Transfer to Provision for income tax	500			
52	Transfer to Provision for gift tax	500			
53	Transfer to Provision for capital gains tax	500			
54	Transfer to Provision for corporation tax	500			
55	Transfer to Provision for estate duty	500			
56	Transfer to Provision for inheritance tax	500			
57	Transfer to Provision for stamp duty	500			
58	Transfer to Provision for other taxes	500			
59	Transfer to Reserve	50000			
60	Transfer to General Reserve	30000			
61	Transfer to Special Reserve	20000			
62	Transfer to Contingent Reserve	10000			
63	Transfer to Capital Reserve	5000			
64	Transfer to Profit Reserve	3000			
65	Transfer to Dividend Reserve	1500			
66	Transfer to Gratuity Reserve	1000			
67	Transfer to Interest Reserve	500			
68	Transfer to Depreciation Reserve	500			
69	Transfer to Provision for doubtful debts	500			
70	Transfer to Provision for income tax	500			
71	Transfer to Provision for gift tax	500			
72	Transfer to Provision for capital gains tax	500			
73	Transfer to Provision for corporation tax	500			
74	Transfer to Provision for estate duty	500			
75	Transfer to Provision for inheritance tax	500			
76	Transfer to Provision for stamp duty	500			
77	Transfer to Provision for other taxes	500			
78	Transfer to Reserve	50000			
79	Transfer to General Reserve	30000			
80	Transfer to Special Reserve	20000			
81	Transfer to Contingent Reserve	10000			
82	Transfer to Capital Reserve	5000			
83	Transfer to Profit Reserve	3000			
84	Transfer to Dividend Reserve	1500			
85	Transfer to Gratuity Reserve	1000			
86	Transfer to Interest Reserve	500			
87	Transfer to Depreciation Reserve	500			
88	Transfer to Provision for doubtful debts	500			
89	Transfer to Provision for income tax	500			
90	Transfer to Provision for gift tax	500			
91	Transfer to Provision for capital gains tax	500			
92	Transfer to Provision for corporation tax	500			
93	Transfer to Provision for estate duty	500			
94	Transfer to Provision for inheritance tax	500			
95	Transfer to Provision for stamp duty	500			
96	Transfer to Provision for other taxes	500			
97	Transfer to Reserve	50000			
98	Transfer to General Reserve	30000			
99	Transfer to Special Reserve	20000			
100	Transfer to Contingent Reserve	10000			

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City	Lat	Long	Alt	Pop	Area	Dist	Time	Code	Notes
Albuquerque	35° 08' N	106° 37' W	5,047	231,907	1,217	100	MT	100	Albuquerque is the largest city in New Mexico and is located in the central part of the state. It is a major center for the Southwest and is known for its art and culture.
Anchorage	61° 10' N	152° 20' W	34	28,189	1,514	100	AK	100	Anchorage is the largest city in Alaska and is located on the coast. It is a major center for the state and is known for its natural beauty and outdoor recreation.
Annapolis	39° 00' N	76° 27' W	10	38,199	1,514	100	MD	100	Annapolis is the capital of Maryland and is located on the Chesapeake Bay. It is a major center for the state and is known for its historic architecture and waterfront.
Antelope Valley	34° 00' N	118° 00' W	5,047	231,907	1,217	100	CA	100	Antelope Valley is a large valley in California and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Apache Junction	33° 00' N	111° 30' W	5,047	231,907	1,217	100	AZ	100	Apache Junction is a city in Arizona and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Aspen	39° 00' N	106° 37' W	5,047	231,907	1,217	100	CO	100	Aspen is a city in Colorado and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Astoria	46° 00' N	124° 00' W	5,047	231,907	1,217	100	OR	100	Astoria is a city in Oregon and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Atlanta	33° 45' N	84° 25' W	5,047	231,907	1,217	100	GA	100	Atlanta is the largest city in Georgia and is located in the central part of the state. It is a major center for the Southeast and is known for its art and culture.
Augusta	33° 20' N	82° 00' W	5,047	231,907	1,217	100	GA	100	Augusta is a city in Georgia and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Aurora	41° 40' N	85° 43' W	5,047	231,907	1,217	100	IL	100	Aurora is a city in Illinois and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Austin	30° 15' N	97° 40' W	5,047	231,907	1,217	100	TX	100	Austin is the largest city in Texas and is located in the central part of the state. It is a major center for the Southwest and is known for its art and culture.
Avondale	33° 00' N	112° 00' W	5,047	231,907	1,217	100	AZ	100	Avondale is a city in Arizona and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Avon	41° 40' N	85° 43' W	5,047	231,907	1,217	100	IL	100	Avon is a city in Illinois and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Avon Lake	41° 40' N	85° 43' W	5,047	231,907	1,217	100	IL	100	Avon Lake is a city in Illinois and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Avonlea	41° 40' N	85° 43' W	5,047	231,907	1,217	100	IL	100	Avonlea is a city in Illinois and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Avonmouth	41° 40' N	85° 43' W	5,047	231,907	1,217	100	IL	100	Avonmouth is a city in Illinois and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Avonport	41° 40' N	85° 43' W	5,047	231,907	1,217	100	IL	100	Avonport is a city in Illinois and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Avonville	41° 40' N	85° 43' W	5,047	231,907	1,217	100	IL	100	Avonville is a city in Illinois and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Avonworth	41° 40' N	85° 43' W	5,047	231,907	1,217	100	IL	100	Avonworth is a city in Illinois and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Avonworth	41° 40' N	85° 43' W	5,047	231,907	1,217	100	IL	100	Avonworth is a city in Illinois and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Avonworth	41° 40' N	85° 43' W	5,047	231,907	1,217	100	IL	100	Avonworth is a city in Illinois and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
Avonworth	41° 40' N	85° 43' W	5,047	231,907	1,217	100	IL	100	Avonworth is a city in Illinois and is known for its natural beauty and outdoor recreation. It is a major center for the state and is known for its art and culture.
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Avonworth	41° 40' N	85° 43' W	5,047	231,907	1,217</				

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Adventis: the name



Rhône-Poulenc informs its shareholders

# Aventis

## Creation of a new global leader in life sciences

**RHÔNE-POULENC and HOECHST plan<sup>(1)</sup> to merge their Life Sciences activities (Pharmaceuticals, Animal and Plant Health) into a new company, called AVENTIS. Ownership will be equally divided between the two partners.**

**"With its new culture, increased R&D resources, competitive positioning in emerging technologies, enhanced product pipeline and strong marketing prowess, Aventis will have a solid platform for sustained medium-to-long-term growth in both sales and profitability".**

Jürgen Dormann  
Chairman of Hoechst A.G.

Jean-René Fourtou  
Chairman of Rhône-Poulenc S.A.

**Aventis, a milestone** which takes Hoechst's and Rhône-Poulenc's long-established strategic focus on Life Sciences a step further.

**Aventis, the birth of a global leader.** With 1997 pro forma sales of US\$ 20 billion and 95,000 employees, Aventis will be a global leader in Life Sciences, in Pharmaceuticals, in Vaccines, in Plant Health and in Animal Health.

**Aventis, international, unified management.** Aventis will leverage and build upon the expertise and experience of executives from both parent companies, with a shared vision and common approach to business, committed to a successful integration while building the foundation for future development.

**Aventis, a high performance organization.** Hoechst's and Rhône-Poulenc's Life Sciences units will be regrouped into a new company Aventis consisting of Aventis Pharma and Aventis Agriculture.

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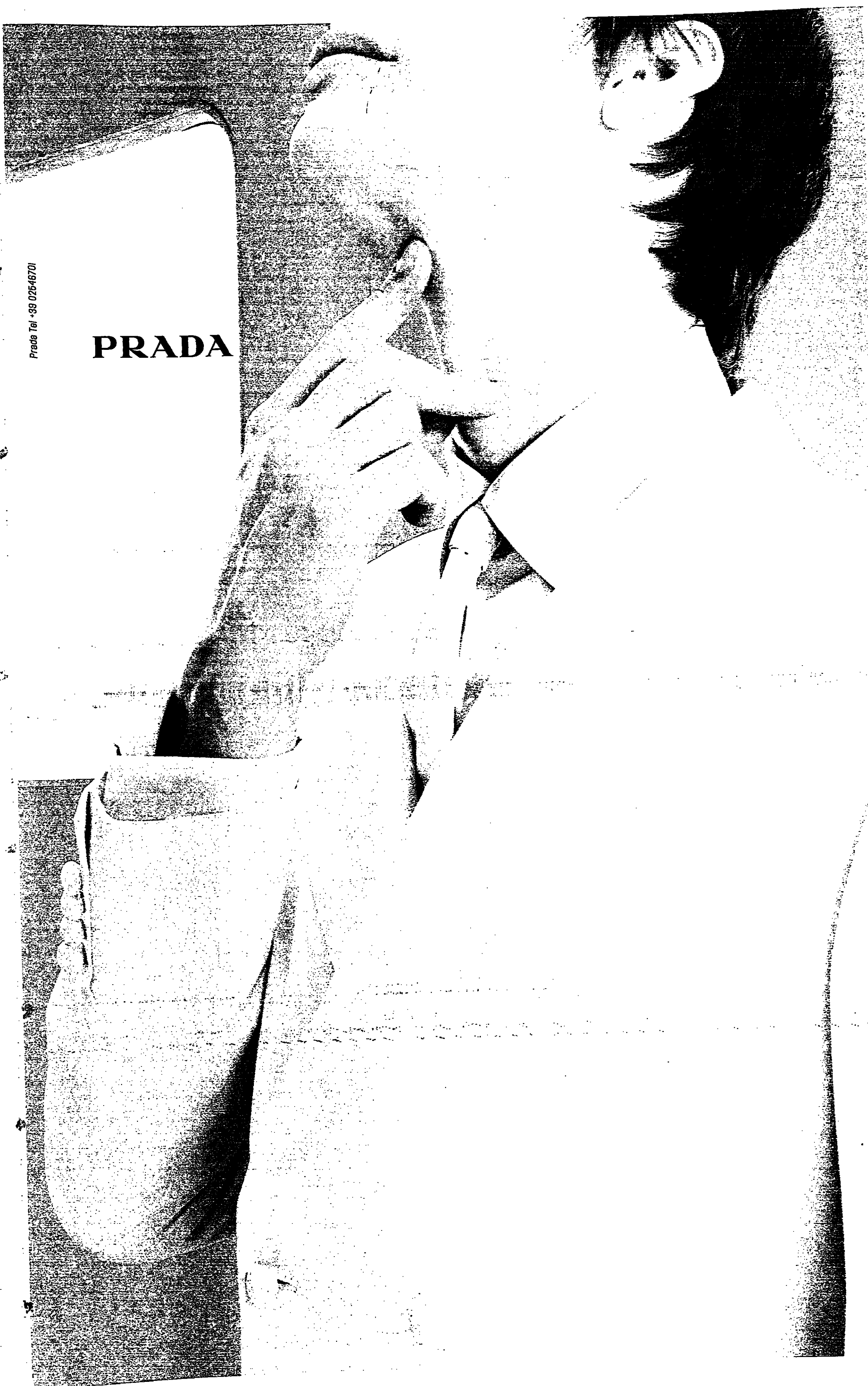






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## LTCM: Failure of Big-Name Fund Shows Some Fundamental Investing Assumptions May Be Flawed

Continued from Page 11

for global investors and corporations to offset many of the risks of doing business, suddenly behaved like gawky adolescents — big enough to seem mature but clumsy and prone to panic when things go awry. Investors who expected to be able to leave these new markets as easily as they had entered them found that the only way out was through a fire sale that devastated the value of their assets.

Most worrisome, the use of borrowed money for speculation, a mainstay of many investors in today's markets, occurred on a scale so much larger than many people had thought possible, and involved credit arrangements so complex, that none of the players — not lenders, not trading partners and not regulators — could respond to the fund's troubles as they had expected.

"We have had a whole series of structural changes in the financial markets in the past 20 years so that today, when you come to the edge of risk-taking, you find the old formulas no longer work," said Henry Kaufman, an independent market strategist. "That is what this crisis was about."

Despite the return of confidence and liquidity to most markets, both Alan Greenspan, the chairman of the Federal Reserve Board, and William McDonough, president of the New York Federal Reserve Bank, have suggested in recent speeches that an emergency like the one at Long-Term Capital could occur again.

The return to more normal market conditions in the past month "leaves unanswered the question of why such episodes erupted in the first place" and why they spread so rapidly, Mr. Greenspan said recently at a gathering of Wall Street executives.

He offered his own theory: "It has become evident time and again that when events become too complex and move too rapidly, as appears to be the case today, human beings become demonstrably less able to cope."

Because Long-Term Capital was hardly unique in its approach to investing, the risks of the global marketplace look far sharper today than they did before that long, edgy week in September when so much suddenly seemed to depend on the fate

of one giant fund in Connecticut.

Long-Term Capital — established in 1994 by John Meriwether, a legendary bond trader formerly with Salomon Brothers, and his partners, including Robert Merton and Myron Scholes, who shared the Nobel Prize for economics in 1997 — is often described these days as having been speculative and risky.

But from the beginning, it tried to reduce its risks by spreading its investments around. It held almost every major type of security and many minor ones, from blue-chip American stocks to Danish mortgage-backed securities to Latin American government bonds.

Thus, by every traditional measure, Long-Term Capital hedged its bets — across markets, currencies and types of assets. In theory, losses on one investment would be offset by gains in another, providing a ballast that would allow the fund to ride out any financial storm.

It did not turn out that way. "As markets around the world moved in the same direction at the same time, the diversification on which Long-Term had previously relied failed it utterly," Mr. McDonough said in congressional testimony about the fund's rescue.

The fund's core investment specialty — a technique called convergence trading, used primarily by large banks and brokerage firms — was also a supposedly low-risk

strategy. But it, too, did not turn out to be impervious to market gyrations.

Rather than betting that stocks or bonds would go up or down, convergence traders bet that prices of certain related securities would move closer together. They identify securities whose prices have deviated slightly from their historical relationships to one another and place bets that those prices will return to their normal patterns.

In theory, the fund had further reduced its risks by scattering its investments among so many markets and types of investments.

But in reality, anxiety began to spread through most markets after Thailand's currency collapsed in the summer of 1997.

Prices fell and businesses failed all along the Pacific Rim. In response, by early 1998, investors worldwide began seeking a haven in U.S. Treasury markets.

That remarkable flight to safety had unexpected consequences for Treasury bonds, the bread-and-butter market for Long-Term Capital.

Playing to form, the 30-year bonds climbed in price, but the nearly identical 29-year bonds did not share in the rally; their lower trading volume made them look riskier to nervous investors.

The divergence hurt Long-Term Capital, of course, because the fund had bet heavily that the bonds' prices would move closer together.

Moreover, the degree of ill will toward him among some agents and studio executives may actually hurt Mr. Ovitz — he will not be granted too many favors, several agents said.

On the other hand, even his foes at companies like DreamWorks or Universal Studios would probably fall over themselves to sign up Mr. DiCaprio to a new movie.

Why Mr. Ovitz, who had ambitions to emerge as a player on Wall Street and Madison Avenue, is returning to Hollywood, is a subject of intense speculation here.

A top entertainment industry lawyer, who has dealt with Mr. Ovitz for years, said: "Mike Ovitz has realized that his power emanates from the world of Hollywood, the world

of movie stars. If he doesn't have this connection, he's just another guy with a lot of money."

Mr. Ovitz declined to comment, partly because legal issues involving the signing of his top managers have not been fully sorted out.

Across Hollywood, Mr. Ovitz remains not only a source of some mystery and fear — he is a masterful handler of the Hollywood press — but a figure with an extraordinary track record who transformed the talent agency business.

Mr. Ovitz's move into the management field especially concerns top agents all over town. Virtually every top agent interviewed expressed plenty of anxiety about two issues: One is that Mr. Ovitz would seek to poach on their agency, and try to hire

star agents for his new company. More important, the agents worry that Mr. Ovitz will seek to lure movie stars and directors from their talent agencies. In doing so, Mr. Ovitz, as a manager, would essentially declare war on talent agents.

In his venture, Mr. Ovitz will serve as a majority owner with his prize hire, Rick Yorn, a fast-stepping, 30-year-old manager, whose clients include Mr. DiCaprio and Ms. Diaz. Mr. Yorn and his sister-in-law, Julie Silverman Yorn, also a manager, bring in a generally youthful list of actors, including Claire Danes, Matt Dillon, Geena Davis and Samuel Jackson. Mr. Ovitz has also sought to enlist two former clients, the directors Barry Levinson and Sydney Pollack.

Long-Term Capital's experience, said Mr. Kaufman, the independent strategist, showed that international diversification worked in bull markets but failed in bear markets.

"We now live in a much more homogeneous financial world," he said. "We all talk to each other and share the same information and have the same biases."

As a result, Mr. Kaufman said, world markets now tend to move in lockstep — a line dance that tramples on the basic concept of portfolio diversification.

Eventually, as markets grew calmer, Mr. Greenspan and other regulators, including Mr. McDonough, continued to worry about that broad structural changes in the financial marketplace — including the spread of derivatives, the increasingly global nature of investment and the immaturity of some developing and specialized markets — encouraged a financial panic to spread from market to market and country to country.

This time, at least, people coped. Long-Term Capital was simply a casualty of a once-a-century financial storm, the crisis may well deserve to become a footnote to financial history. But if what happened was, as some regulators fear, a result of developments that have permanently changed the way modern markets work, then investors ignore the lessons of the crisis at their own peril.

## OVITZ: Return of the Abrasive Mogul Sends a Chill Throughout Hollywood

Continued from Page 11

formerly warm relationship between Mr. Ovitz and Edgar Bronfman Jr., chief executive at Seagram, has chilled.

At the same time, several of Mr. Ovitz's former partners at Creative Artists, like Mr. Meyer, as well as some of the top agents there and at other big agencies, like International Creative Management and William Morris, express mistrust and anger, albeit privately, at what they view as his high-handed treatment of them in the past.

Agents, movie executives and lawyers say Mr. Ovitz is coming into the management field less from a position of strength and more on the basis of his formidable repu-

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- Taiwan's central bank cut interest rates for the fourth time in five months; the base rate, called the rediscount rate, was cut to 4.75 percent from 5.00 percent, and the so-called accommodation rate was cut to 5.125 percent from 5.375 percent.
- The Australian Competition and Consumer Commission said the proposed refining joint venture between BP Australia Ltd. and Caltex Australia Ltd. raised concern because it would reduce the number of petroleum refinery operations in Australia to two players, as Royal Dutch/Shell Group and Mobil Corp. already had proposed a similar merger.
- The Bank of Japan said wholesale prices dropped 3.5 percent in November from a year earlier, the biggest fall since September 1993. In October, wholesale prices fell 2.8 percent.
- Bridgestone Corp., the largest Japanese tiremaker, plans to reduce investment in its tire division to about 24 billion yen (\$202.8 million) next year from about 32 billion yen this year because of falling global demand.

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## WORLD ROUNDUP

### Injured Seizinger Says Season Is Over

**SKING** Katja Seizinger, the multiple Olympic champion, said Monday that knee injuries would prevent her from competing this season and might end her career.

"The season is over for me," Seizinger told German television. Seizinger damaged ligaments in both knees and fractured the top of her left shin in training in June.

She had said she hoped to be fit for the world championships in February. But she said Monday: "I will not make it."

Asked if she might end her career, she said: "I cannot rule that out. My health must be the priority." In Nagano, she retained her downhill title and won the combined.

"After I got injured," she said, "the first thing I said to myself was: 'Why didn't you stop after Nagano?'" (Reuters)

### Vireneque Says He'll Quit

**CYCLING** Richard Vireneque threatened to quit cycling because a doping scandal is keeping him from finding a new team.

Vireneque was forced out of this year's Tour de France after his team, Festina, became the center of a drugs investigation.

Vireneque, 28, has denied taking banned substances.

Vireneque's management said in a statement: "He has the impression that he is leaving his career with work unfinished. He would love to continue and make dreams come true, but he is not being given that chance."

### Doctor Fined for Steroids

**DRUGS** Bernd Pansold, a doctor, was fined 14,000 marks (\$8,200) Monday by a Berlin court for giving athletes steroids without their knowledge. Pansold, 59, was the last of six defendants accused of carrying out systematic doping under a state-sponsored program in East Germany.

Pansold denied the charges, but the court found him guilty of administering performance-enhancing drugs from 1975-1984 even though he knew they were dangerous. The fines for the other defendants had ranged from 3,000 marks to 9,000 marks. (AP)

### Sutton Forced Out of Cup

**GOLF** Hal Sutton dropped out of the Presidents Cup Monday following the death of his father-in-law. Sutton, who was replaced in the U.S. team by Lee Janzen, U.S. Open champion, for the match against the rest of the world team this week.

### Esperance Wins Final

**SOCCER** Chokri Ouair, the Esperance goalkeeper, saved a penalty as the Tunis club won the African Cup Winners Cup. Esperance drew the second leg of the final, 1-1, against Premier de Agosto in Angola after winning the first match, 3-1, in Tunisia. (AFP)

## Early Christmas Gift Gives Jets a Victory

### Testaverde 'Scores' to Beat the Seahawks

**The Associated Press**

Bill Parcells credited a heavenly force. Vinny Testaverde concluded that it was something mystical. Wayne Chabot said it came from within.

Just about everyone else pointed to the officials for handing the host Jets a critical 32-31 victory over the Seattle Seahawks on Sunday afternoon in East Rutherford, New Jersey.

"God's playing in some of these games," said Parcells, the Jets' coach. "He was on our side today."

With 27 seconds on the clock, Testaverde scored on a quarterback sneak

### NFL Roundup

from five yards — which replays showed only went about 4½ yards. The touchdown kept the Jets (9-4) atop the American Football Conference East with Miami.

Testaverde, in the midst of the busiest passing game of his 12-year career (42-for-63 for 418 yards, two TDs and an interception) returned for a touchdown by Anthony Simmons, called his own number on fourth down. Seven seconds later, as he was slammed to the ground in a pileup, the head linesman, Earnie Frantz, immediately signaled that the AFC's leading passer had won the game with his legs. Replays showed Testaverde came up short of the goal line.

The Seahawks (6-7) most likely dropped from playoff contention. Shawn Springs, a Seahawk cornerback who was whistled for unsportsmanlike conduct for throwing his helmet after the touchdown, wondered if the officials had been intimidated. "The refs should really let the players decide the game," Springs said. "Don't make a call that determines the outcome."

The same officiating crew worked in Detroit on Thanksgiving Day and was responsible for the infamous coin toss in a game with the Pittsburgh Steelers that awarded the ball at the start of overtime to the Lions, who then went on to win the game with a field goal.

Of the touchdown call Sunday, the referee, Phil Luckett, said the head linesman "called it right away and signaled."

"There was a pileup," he said, "but the head linesman had already called a touchdown for the ball breaking the plane" of the goal line.

The touchdown culminated a rousing rally from a 31-19 deficit by the Jets, who saw three of their four turnovers lead to 21 Seattle points. Testaverde found Keyshawn Johnson on a 16-yard scoring pass to bring the Jets within five with 2:22 remaining.

"This," said Chabot, who caught seven passes for 74 yards, while Johnson had nine receptions for 114, "says a lot about this team's character."

Joey Galloway, Seattle's dynamic wideout, caught only two passes, but they were for touchdowns of 70 and 57 yards in the first quarter.

Still, with Ricky Waters' 39-yard run and Simmons' pickoff — Seattle's seventh interception runback for a score this season, two off the NFL mark — the Seahawks remained in control.

New York's other scores were on a three-yard pass to Keith Byars, who later left with a broken right arm, and a one-yard run by Curtis Martin. John Hall kicked two 20-yard field goals, and

Seattle's Todd Peterson hit a 50-yarder. **Vikings 48, Bears 22** In Minneapolis, with a pregame injury sending Cris Carter to the sidelines to join three other ailing offensive starters, Randall Cunningham threw three touchdown passes to Randy Moss for the second straight game as the Minnesota Vikings clinched their first NFC Central title since 1994. The Vikings (12-1) out-gained the visiting Chicago Bears by 341-14 on the way to a 27-0 halftime lead, guaranteeing themselves a first-round playoff bye, the first time they have earned that during Coach Dennis Green's seven seasons. Moss caught scoring passes of 6, 3 and 34 yards.

**Saints 22, Cowboys 3** Kerry Collins threw touchdown passes of 4 and 89 yards, and New Orleans, the host team, held the visiting Dallas Cowboys to 182 yards of total offense, just 18 on the ground. Emmitt Smith had just 6 yards on 15 carries. The victory put the Saints (6-7) into a tie for the last NFC wild-card spot and prevented Dallas (8-5) from clinching the NFC East.

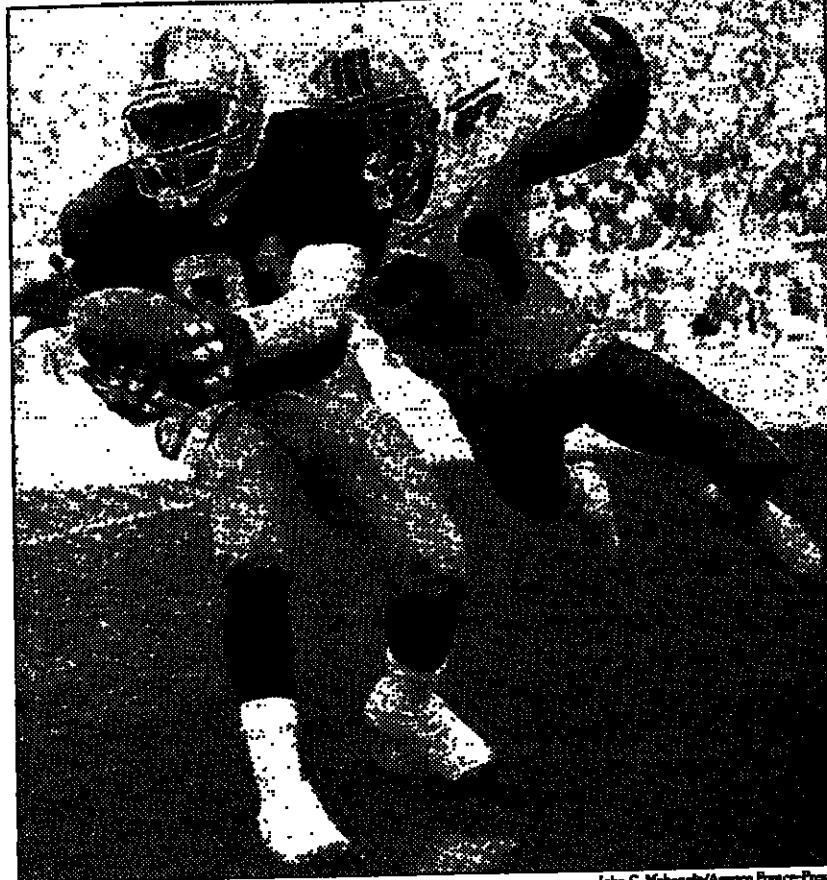
**49ers 31, Panthers 28** The San Francisco 49ers blew a 21-point lead in the final 16 minutes of regulation before beating the host Carolina Panthers (2-11) in overtime in Charlotte, North Carolina. Steve Buehlein, the Carolina quarterback, fumbled a snap on the first series of overtime. San Francisco took over the ball, and Wade Richey kicked a 23-yard field goal. That clinched at least a wild-card playoff berth for San Francisco (10-3).

**Jaguars 37, Lions 22** Jamie Martin, who entered the game after Mark Brunell, the Jaguars' starting quarterback, was injured on the second play, threw a 67-yard touchdown pass on his second attempt and finished with 228 yards in Jacksonville, Florida. Fred Taylor ran for 183 yards to surpass the 1,000-yard mark for the host Jaguars (10-3). Barry Sanders gained 102 yards for the Detroit Lions.

**Patriots 28, Steelers 9** Drew Bledsoe threw an 86-yard TD pass to Terry Glenn, who finished with a team-record 193 receiving yards for the visiting New England Patriots (8-5). Bledsoe, who led the Patriots to last-season victories the previous two weeks despite a broken index finger on his throwing hand, was 21-of-34 for 327 yards and overcame three interceptions by the Steelers (7-6) in Pittsburgh.

**Dolphins 27, Raiders 17** The linebackers Zach Thomas and Robert Jones returned interceptions for short scores, and the visiting Miami Dolphins (9-4) turned four first-half turnovers into 22 points against the Raiders in Oakland, California. Thomas and Jones each had another interception in the second half, and the Dolphins had six overall, raising their NFL-leading total to 26. Miami also sacked Donald Hollas eight times. The Raiders (7-6) have lost three straight and four of their last five games.

**Giants 23, Cardinals 19** The New York Giants (5-8) ran for 200 yards to come back from a 17-7 deficit in Phoenix against the host Cardinals (6-7), who fell into a tie with New Orleans for the final NFC wild-card spot. Kent Graham combined with Tiki Barber on an 87-yard TD pass and Gary Brown ran for 124 yards for New York. The Cardinals have never made the playoffs



The Raiders' Tim Brown about to be tackled by the Dolphins' Brock Marion.

since moving to Arizona before the 1988 season.

**Oilers 16, Ravens 14** Al Del Greco kicked three field goals, including two 48-yarders, as the host Tennessee Oilers (7-6) broke a two-game losing skid in Nashville, Tennessee. Jim Harbaugh moved the Baltimore Ravens (5-8) 80 yards and hit Floyd Turner with a 20-yard touchdown pass with 1:46 left to make it 16-14.

**Redskins 24, Chargers 20** Trent Green's 20-yard scoring pass to Leslie Shepherd with 1:54 left gave the host Washington Redskins (4-9) their fourth victory in six games. The Redskins have never lost to the San Diego Chargers (5-8) in six meetings.

In games reported in Monday's late editions:

**Falcons 23, Colts 21** Chris Chandler came back after missing a week with a sprained right ankle and threw for two TDs and ran for another for the host Atlanta Falcons (11-2). The Falcons fell behind by 21-7 to the Indianapolis Colts (2-11), but rallied as Chandler shook off five sacks and went 20-of-28 for 297 yards.

**Bills 33, Bengals 20** Doug Flutie threw for 319 yards as the visiting Buffalo Bills (8-5) stayed a game behind the Dolphins and the Jets with their eighth victory in 10 games. The Cincinnati Bengals (2-11) lost their eighth in a row, their longest losing streak since 1994.

## Snow's Saves Help Canucks Deny the Coyotes a Victory

**The Associated Press**

Garth Snow made 43 saves — 20 in the first period — to deprive the league-leading Phoenix Coyotes of a victory.

"I like a lot of shots," Snow said after the Vancouver Canucks gained a 3-3 tie with Phoenix on Sunday. "The first 10 minutes I didn't see any action, and then they started coming. But I'd rather get shots. It's fun when you're keeping the puck out of the net."

Jeremy Roenick scored twice for the visiting Coyotes, who blew a third-period lead for only the second time this season. The Canucks had only 24 shots on goal.

"If it wasn't for Snow, we wouldn't have come up with a point," said Mike Keenan, the Vancouver coach.

**Blackhawks 7, Lightning 5** Ed Olczyk scored the tiebreaking goal with 54 seconds left as host Chicago scored five times in the third period to gain its third-straight victory.

Alex Zhamnov had two goals for the second straight game. He has five goals and five assists in his last six games.

Tampa Bay's Darcy Tucker and Wendel Clark scored 78 seconds apart in the third period to tie the game, 5-5, with 1:52 remaining.

Less than a minute later, Olczyk broke in and beat the Tampa Bay goalie, Corey Schwab, for his first goal of the season. Tony Amonte added an empty-net goal.

**Stars 6, Oilers 2** Dallas scored five times in the second period to beat host Edmonton. Mike Grier and Bill Guerin scored in the third period for the Oilers, who remained in first place in the Northwest Division of the Western Conference.

**Sharks 2, Sharks 1** Marty McInnis' power-play goal with 10:13 remaining gave visiting Anaheim a victory over San Jose.

**NHL Roundup**

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## Elway Adds To Legend: 'The Rally' Stuns Chiefs

By T. J. Simers  
Los Angeles Times Service

DENVER — If only John Elway had never been born. Marty Schottenheimer might be regarded as one of the National Football League's greatest coaches ever.

But Elway grew up, a football in hand to terrorize Schottenheimer, first in Cleveland and now in Kansas City with the Chiefs, personally certifying Schottenheimer a tragic figure, nine times now in his career coming back from impending defeat to celebrate another Denver Broncos triumph.

So much one-sided history between the two: "The Drive," "The Fumble," and now "The Rally," a 35-31 Broncos victory before 74,962 howling fans in Mile High Stadium to pull Denver even with the 1972 Dolphins and the 1994 Bears as the only teams in NFL history to open a season 13-0.

"That was their Super Bowl; they were going to come in here and upset us," said Neil Smith, the Broncos' offensive end. "But we played like champions."

Denver won an NFL-record-tying 18th consecutive game (with the '72 '73 Dolphins), ran its regular-season streak at home to 23 games in a row, and secured the home-field advantage in the AFC throughout the playoffs.

Ahead by 14-0, 21-7, and then 31-21 with only 8:25 remaining, Denver's undefeated season, and despite the freezing temperatures, Schottenheimer had to be sweating. "He is the finest competitor I have ever seen in professional sports," said Schottenheimer, now 8-15 in his career against Elway.

For only the second time in Elway's record-making career, he went over the 400-yard mark, whatever it took to salvage Schottenheimer.

Third-and-seven at the Denver 49-yard line, the Broncos down by 10, and Elway whipped a fastball to Willie Green, a seldom-used wide receiver. Green shook aside Dale Carter, a Chiefs' cornerback, and completed the 50-yard play to the Kansas City 49-yard line. Handoff to Terrell Davis, touchdown and now the Broncos trailed the Chiefs by 31-28 with 6:48 to play.

Third-and-one at the Kansas City 24-yard line, and Elway lined his comrades up with a little more than three minutes to play. Coach Mike Shanahan had noticed that the Chiefs had put in their shift-yardage defensive unit and told Elway he wanted to go for the end zone.

Elway faked the handoff to Davis, the Chiefs were suckered, and Elway — about to be played by Chester McGlockton, a Kansas City defensive lineman — lobbed a touchdown pass to Shannon Sharpe, his tight end.

Elway, who completed 22 of 42 passes for 400 yards, found himself at his back beneath McGlockton after he threw a 13-yard touchdown pass to Ed McCaffrey in the first half and after his throw to Sharpe.

McGlockton asked Elway in both cases if his passes had been completed for touchdowns, and Elway, each time staring directing into McGlockton's face, reported the bad news.

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## SPORTS

## China Takes Lead at the Medal Table

## For Dancing, First Step Toward the Olympics

**BANGKOK** — Thailand, the host nation, collected its first gold medal, in mountain biking, but China ended the second day of the 13th Asian Games on Monday atop the medals table with nine golds, followed by Japan with eight and South Korea with five.

The Chinese team, which has led the medal standings at every Asian Games since 1982, dominated in the swimming

## ASIAN GAMES

pool, where only Japan's swimmers were able to compete on close to level terms. China won medals in weightlifting and gymnastics.

Lin Xihua of China won three gold medals in the 48-kilogram weightlifting. She also set a world record, lifting 83.5 kilograms (184 pounds) in her third snatch attempt.

"I'm happy, happy, happy," she said.

China also did well as danceport, better known as ballroom dancing, made its debut at a major international multisport event.

Dancing is a demonstration event in the Asian Games and is not counted in the medal standings, but a mostly young crowd packed the 1,300-seat Bangkok Metropolitan Youth Center gymnasium to watch couples from China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand rumba, waltz and cha-cha.

Li Chu-chung and Chang Ko-ping of Taiwan won the standard dance —



Lin Xihua of China lifting a world record 83.5 kilograms Monday.

waltz, tango, Viennese waltz, slow foxtrot and quickstep — with Chinese couples second and third.

To deafening cheers, Thai dancers Surachai Siriprat and Weerawan Sripraput won the faster and more risqué Latin American category: samba, cha-cha, rumba, paso doble and jive.

The Danceport Federation hopes to

get the event into the 2008 Olympics, if not the 2004 games in Athens.

"It's terrific, it's fantastic, it combines art and sport, the physical and technique," said Wibool Sareevut, 31, a spectator.

In soccer, Choi Yong Soo scored twice as South Korea beat Japan, 2-0, in a clash of the 2002 World Cup co-hosts.

## Davis Cup Needs a Few Changes

International Herald Tribune

**MILAN** — The Davis Cup is unquestionably worth saving, but what is less certain is as it prepares to fete its centennial in 1999 is whether it really needs to be saved.

Such thoughtful and influential figures as John Newcombe and Boris Becker say no. "In my opinion, there's not a need to change it," Becker said. "There is way too much tennis, but that's not because of Davis Cup."

Such thoughtful and influential figures as Neale Fraser, the former Australian captain and player, Mark Miles, the ATP Tour chief executive officer, and Todd Martin, an American player, say yes. "I love Davis Cup as much as anyone," said Martin, who has been more committed to the event than any of his countrymen of late. "But this is supposed to be the elite team competition in our sport, and if you think of it in those terms, it is broken because we are not getting all the elite to play."

The problem is not new. All the Swiss might be eager to play Davis Cup in the late 1990s, but when Bjorn Borg was dominating tennis in the late 1970s, he declined to play on occasion to concentrate on personal goals. Jimmy Connors did the same, as (lest we forget) did Becker when he was successfully pursuing the No. 1 ranking. Pete Sampras, who like Becker has already helped win the cup twice, is merely the latest celebrity absentee.

Sampras suggests that Davis Cup be played every two years like golf's Ryder Cup. Martin and Jonas Bjorkman, Sweden's best Davis Cup player, reluctantly suggest playing it over a two-year span. "That's the only idea I've heard where you don't have ridiculous calendar problems," Martin said. "If you have it every two years, the empty dates will fill up with some other events, and those events are not just going to go away in a Davis Cup year."

For the moment, the International Tennis Federation is not receptive to the

Vantage Point/CHRISTOPHER CLAREY

biennial pitch because the smaller tennis nations rely on Davis Cup revenue. Having a final every two years would cut revenue and make the event less attractive to sponsors who have grown accustomed to an annual exclamation point of the final. The problem is that the exclamation point is gradually shrinking into a period.

This year's final, in which Sweden trounced Italy, stopped being compelling after the first match, and for the third straight year an injury during the final knocked an important player out of action. In 1996, it was Stefan Edberg of Sweden. In 1997, it was Sampras. This year it was Andrea Gaudenzi of Italy, who withdrew with a shoulder injury in the fifth set of the opening match.

Despite its travails, the truth is that in an ideal, intelligently planned tennis world, there would be more Davis Cup, not less. Like the Grand Slam events and a select number of ATP events, it has the potential to create international stars and national sports figures. It has meaning. It has tradition, and it continues to generate passion if not necessarily huge television rights fees in much of Western Europe, as well as in Australia and parts of South America. Overhauling it just to reconquer the United States audience is too big a risk; the Americans have too many other sporting diversions.

If the top players would enter only the nine major ATP events, the four Grand Slam events and a handful of other events, there would be room on their schedules for the Davis Cup. That should be the goal, and the new ranking system to be put in place in the year 2000 will make it a more realistic goal.

"I think 18 to 20 events a year for our top guys would be about right," Miles said, although it has not always been his public view.

This has always been Becker's view.

"It's about the sport bringing its heart and soul back on the court," he said. "On a few occasions, Davis Cup does that. Players have to spill their guts, but that makes the excitement. A Gaudenzi is going to be proud of how he fought on Friday, and he's going to be proud for a long time."

Winning or losing dramatically in tournaments in Lyon, Hong Kong or even Indian Wells or Hamburg does not have the same resonance. So keep the Davis Cup as an annual event but reduce the World Group to 14 teams and give the finalists a bye the following year. This reduces the elite pool but it allows the teams who have played late in the year to rest the following spring.

The Davis Cup final should also be held earlier, which the ATP and ITF are working on. Once they merge the meaningless Grand Slam Cup with the potentially meaningful ATP Tour Championships it will be even easier.

**W**HAT should prove trickier is deciding whether Davis Cup will be best-of-three sets or best-of-five sets. Miles says best-of-five tennis is doomed, even in the Grand Slam events. It is difficult for television programmers and difficult for modern attention spans. How many fans will sit in front of their screen for an entire four-hour match, much less two four-hour Davis Cup matches back to back?

"Even I don't feel like sitting there for nine hours and watching two matches anymore," said Brian Tobin, the ITF president. "It's not just a television problem. I think we're trying to get to the young people, and young people's focus time is not nine hours. We need to find a way to reduce the lengths of matches." For a traditionalist like Tobin, that is quite an admission. The trouble is that if you remove the epic, five-set element from Davis Cup, you risk damaging its power to inspire.

## SCOREBOARD

## GAMES

## ASIAN GAMES

## MOUNTAIN BIKING

## MEN

## 1. Phumrattana Kongkarn, Thailand, 3:34.12

## 2. Toshiaki Tsuruta, Japan, 3:44.19

## 3. Lam Brian Choi, Hong Kong, 3:57.45

## WOMEN

## 1. Sachiko Komatsu, Japan, 4:26.48

## 2. Nami Matsuda, Japan, 4:44.15

## 3. Chen Jie, China, 4:54.15

## SWIMMING

## WOMEN'S 50-METER FREESTYLE

## 1. Yumiko Ichihara, Japan, 1:52.44

## 2. Torie Seifried, Thailand, 1:52.53

## 3. Shuho No, Japan, 1:52.81

## WOMEN'S 100-METER FREESTYLE

## 1. Shun Yui, China, 5:20.21

## 2. Shi Chen, China, 5:20.21

## 3. Shuho No, Japan, 5:20.21

## WOMEN'S 200-METER FREESTYLE

## 1. Shun Yui, China, 11:42.34

## 2. Shi Chen, China, 11:42.34

## 3. Shuho No, Japan, 11:42.34

## WOMEN'S 400-METER FREESTYLE

## 1. Shun Yui, China, 24:46.48

## 2. Shi Chen, China, 24:46.48

## 3. Shuho No, Japan, 24:46.48

## WOMEN'S 800-METER FREESTYLE

## 1. Shun Yui, China, 51:46.48

## 2. Shi Chen, China, 51:46.48

## 3. Shuho No, Japan, 51:46.48

## WOMEN'S 1,600-METER FREESTYLE

## 1. Shun Yui, China, 1:04:46.48

## 2. Shi Chen, China, 1:04:46.48

## 3. Shuho No, Japan, 1:04:46.48

## WOMEN'S 3,200-METER FREESTYLE

## 1. Shun Yui, China, 2:09:46.48

## 2. Shi Chen, China, 2:09:46.48

## 3. Shuho No, Japan, 2:09:46.48

## WOMEN'S 6,400-METER FREESTYLE

## 1. Shun Yui, China, 4:19:46.48

## 2. Shi Chen, China, 4:19:46.48

## 3. Shuho No, Japan, 4:19:46.48

## WOMEN'S 12,800-METER FREESTYLE

## 1. Shun Yui, China, 8:39:46.48

## 2. Shi Chen, China, 8:39:46.48

## 3. Shuho No, Japan, 8:39:46.48

## WOMEN'S 25,600-METER FREESTYLE

## 1. Shun Yui, China, 16:79:46.48

## 2. Shi Chen, China, 16:79:46.48

## 3. Shuho No, Japan, 16:79:46.48

## WOMEN'S 51,200-METER FREESTYLE

## 1. Shun Yui, China, 33:59:46.48

## 2. Shi Chen, China, 33:59:46.48

## 3. Shuho No, Japan, 33:59:46.48

## WOMEN'S 102,400-METER FREESTYLE

## 1. Shun Yui, China, 67:59:46.48

## 2. Shi Chen, China, 67:59:46.48

## 3. Shuho No, Japan, 67:59:46.48

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## 2. Shi Chen, China, 67:59:46.48

## 3. Shuho No, Japan, 67:59:46.48

## WOMEN'S 204,800-METER FREESTYLE

## 1. Shun Yui, China, 135:99:46.48

## 2. Shi Chen, China, 135:99:46.48

## 3. Shuho No, Japan, 135:99:46.48

## WOMEN'S 409,600-METER FREESTYLE

## 1. Shun Yui, China, 271:99:46.48

## 2. Shi Chen, China, 271:99:46.48

## 3. Shuho No, Japan, 271:99:46.48

## WOMEN'S 819,200-METER FREESTYLE

## 1. Shun Yui, China, 543:99:46.48

## 2. Shi Chen, China, 543:99:46.48

## 3. Shuho No, Japan, 543:99:46.48

## WOMEN'S 100-METER FREESTYLE

## 1. Shun Yui, China, 5:20.21

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## 2. Shi Chen, China, 543:99:46.48

## 3. Shuho No, Japan, 543:99:46.48

## WOMEN'S 1,638,400-METER FREESTYLE

## 1. Shun Yui, China, 1087:99:46.48

## 2. Shi Chen, China, 1087:99:46.48

## 3. Shuho No, Japan, 1087:99:46.48

## WOMEN'S 200-METER FREESTYLE

## 1. Shun Yui, China, 11:42.34

## 2. Shi Chen, China, 11:42.34

## 3. Shuho No, Japan, 11:42.34



## ART BUCHWALD Oil and Marriage

NEW YORK — The good news is that Mobil and Exxon are going to be joined at the hip in the largest merger known to mankind.

Some people (not many) are curious as to why two gasoline godzillas who sell the same product would think of getting married. Here are some of the questions that the merger has raised:

**Q:** Why would Exxon and Mobil want to get together when they could have so much more fun competing against each other in the open market?



Buchwald

**A:** It would give both companies an opportunity to get rid of their workers. In the past it took two people in the oil industry to screw in a light bulb. Now it will take only one person, providing the customer holds the nozzle himself.

**Q:** Will the merger stifle competition?

**A:** If you mean will it prevent one company from

selling its gasoline at a lower price than the other, it should not be a problem because gasoline companies wouldn't know about price fixing or anything close to it. The price of petroleum is set by Arab sheikhs and Alaskan natives. Oil companies are happy to go along with any price that oil sells for on the open market.

**Q:** Why would someone pay \$80 billion for another gasoline company?

**A:** Some people collect baseball cards, others glass paperweights and still others giant monopolies. Keep in mind, if you have to ask the price of Mobil, you can't afford it.

**Q:** If the workers get the shaft, who stands to gain on a deal like this?

**A:** The stockholders, who are not in business for their health.

**Q:** Why would the Justice Department allow Exxon to buy Mobil when years and years ago the government broke up Standard Oil and created the two companies that now want to merge?

**A:** No one knows the answer to that question, which is why the two mega-companies are going ahead. The good news is that for every employee being laid off by the merger, a defense lawyer will be hired to replace him.

**Q:** What will the merger mean to the motorist?

**A:** Nothing at the beginning, but as time goes on we will all be at the mercy of Exxon-Mobil, particularly if there is another gasoline shortage.

**Q:** Is there anything a person can do to prevent the merger?

**A:** Throw himself over a gasoline pump and yell, "I'm mad as hell and I'm not going to take it anymore!"

## Benigni Is Tops

The Associated Press

LONDON — The Italian actor Roberto Benigni was named "best European actor" at the 10th annual 1998 European Film Awards. He won for his performance in the award-winning "La Vita e Bella" ("Life Is Beautiful").

The film, which Benigni directed and co-wrote, was named best European film at ceremonies at the Old Vic Theatre. It was the latest in a series of honors for the film about the Holocaust. It has won prizes in Italy and at film festivals in Cannes, Jerusalem, Toronto and Warsaw.

## An Impresario Shepherds Verdi Into Shanghai

By Seth Faison  
New York Times Service

SHANGHAI — When enthusiastic applause erupted at the final curtain for a recent production of Verdi's "Aida," the first opera to be performed in Shanghai's sparklingly new opera house, Bonko Chan thought that he might collapse with a heart attack.

"We only performed three nights, but that was enough for me," said Chan, a freight-company executive who produced "Aida" in his spare time. "I checked into a hospital with exhaustion."

Bringing singers from Florence to pair them with dancers and acrobats from Shanghai was a serious artistic and logistical challenge in itself. But Chan had to add in the inevitable snafus of a new performing-arts center, as well as countless political and bureaucratic land mines in a city where art is dominated and sometimes even strangled by officialdom.

"Aida" was a critical success, praised by Shanghai reviewers for its captivating singing and lavish staging. Chan said he felt tremendous satisfaction at the realization that a Western opera could actually be given a polished production in Shanghai. In addition, he seemed amazed that all 1,000-plus items of scenery and props were delivered from Italy to Shanghai in time, bringing life to the enormous stage of a grand new theater.

More than anything else, "Aida" provided an auspicious opening for Shanghai's new opera house, which formally lifted its curtain in October. The building is also an architectural success, at least compared with the slapdash skyscrapers, dripping with heavy chrome and early colored glass, that have heralded the economic boom of recent years. With a curved roof that opens toward the sky like a giant offering plate, the opera house has a luminous, sleek design that seems to reflect an openness to the unimpeded flow of art and culture over borders and time.

In Shanghai, openness is a concept not yet fully embraced by the local culture czars, who still guard their authority over what the public is allowed to see. So it is too early to say whether the opera house is a sign of a more genuinely open-minded future.

For now, Shanghai officials are proud that they were able to complete an illustrious new artistic landmark while their northern rivals in Beijing remain mired in bureaucratic wrangling over the design of their own opera house, even though planning began 40 years ago. Indeed, Shanghai's leaders are making



Shanghai's sparklingly new opera house formally lifted its curtain in October.

good on their claim to be revitalizing cultural life in China's largest city, with a population of 14 million.

Across from the opera house, on the other side of a redesigned People's Park, sits the new Shanghai Museum, which, since it opened in 1996, has afforded the best setting for art in China. Across town, a new library, which opened a year later, was showcased during President Bill Clinton's visit here during the summer.

Shanghai officials chose a French architect, Jean-Marie Charpentier, to design the Shanghai Grand Theater. In contrast to Beijing officials, who are expected to insist on a Chinese architect to design a national theater in the capital, Shanghai officials pride themselves on being worldly and cosmopolitan.

"Architecture does not belong to any one country," said Le Shengli, the general manager of the Shanghai Grand Theater. "It should be international."

Not that Le and his colleagues were willing to accept Charpentier's design without encroaching here and there. Most notably, the original design called for a fully transparent exterior made of glass. Le said that he and other officials felt that such openness was going too far, so they inserted glass panels with a mild white gauze, which gives

the exterior a dull glaze during the daytime but lets it come alive at night, when interior lights shine brightly to the outside.

In choosing a contemporary painting to face the main entrance, Le and other officials narrowed the options to three well-known Shanghai painters: Zao Wou-ki, Chen Yifei and Ding Shaoguang. "We chose Ding because he agreed to donate it to us," Le said candidly. "The other two insisted on being paid."

The opera house cost \$150 million and took four years to build. Now that it is open, Le said, he is in contact with opera companies around the world. A government official with no background in the arts, he concedes that he and his staff have a lot to learn. "We'd very much like to cooperate with the Met and Lincoln Center," Le said. Unfortunately, Lincoln Center had a horrible experience with Shanghai's arts world this year, when officials at the Municipal Bureau of Culture blocked a production of "The Peony Pavilion," a classic Chinese opera, from traveling to New York for the Lincoln Center Festival in July.

"I don't know anything about that," Le said. Yet he took pains to point out that the opera house was built by, and is operated under the supervision of, the Bureau of Radio, Film and Television. He said also that the

house is not governed by the culture bureau, whose director, Ma Bomin, took a strident role in blocking "The Peony Pavilion."

In practice, other officials said, the Bureau of Culture shares responsibility for Western opera productions at the new house. In the official programs distributed at performances, Ma holds equal billing with Le's boss, Ye Zhikang, who heads the Bureau of Radio, Film and Television.

Bureaucratic squabbling can doom any project. Unless it is backed by someone savvy or influential enough to navigate the hallways of power, which in this city are particularly complex.

Enter Chan, a flamboyant deal maker who is emerging as Shanghai's leading impresario. "I am just an opera fan," he said modestly. Yet people who have watched him in action — schmoozing with local officials, coaxing donations from corporate sponsors, hobnobbing with foreign diplomats on opening night — say he is one of a kind.

"No one else can work all sides like he can," said a French diplomat who worked with Chan to bring a co-production of Gounod's "Faust" to Shanghai in November. "He knows everyone, and he knows how to work everyone."

The way Chan tells the story, he was sitting around with friends a few years ago and made a \$100 bet that he could bring a world-class opera to Shanghai. The joke was on him, he adds, because he won the bet but spent half a million dollars pulling it off.

His first effort was Gounod's "Roméo et Juliette," presented in 1996 in an old 1930s theater. The performances sold out, and Chan developed a taste for more. Although he has no previous experience producing opera, his work as a freight executive gave him a taste for taking on logistical difficulties.

"I like opera, because it combines stage, vocal and orchestral performances," Chan said. "Besides, there are a lot of logistics to work out, and that's a real challenge." He has no musical training, but he listened to opera at home as a child.

Working for a company with a powerful, state-owned parent, the Jinjiang Group, directly controlled by the Shanghai municipal government, Chan seems to have tremendous access to government money, and he spends a lot of energy and time steering it toward a cause he believes in.

"Shanghai is already the financial capital of China," he said. "We need something more culturally."

## PEOPLE

A FORMER child star and a pioneer black star of television shared the stage at the annual gala of the Kennedy Center for the Performing Arts. The two, Shirley Temple Black and Bill Cosby, were joined by the composer André Previn, the singer-songwriter Willie Nelson and the Broadway songwriting team of John Kander and Fred Ebb as recipients of Kennedy Center Honors. Cosby, 61, whose starring role in "I Spy" in 1965 was the first by a black actor in a television series, was also a television fixture in the 1980s comedy series "The Cosby Show."

Black, 70, whose roles as a child cheered up a weary nation during the Depression, followed her acting career as an ambassador to Ghana and Czechoslovakia.

A year after his death at 89, the French jazz violinist Stephane Grappelli will be the subject Thursday of "Swing and Gypsy Jazz," a tribute at Carnegie Hall by musicians inspired by him and by the guitarist Django Reinhardt, of the

Quintet of the Hot Club of France. Among them will be the classical violinist Nadja Salerno-Sonnenberg, the jazz violinist Jean-Luc Ponty and the guitarist Bucky Pizzarelli.

Princesses Beatrice and Eugenie made their stage debut in London, in a surprise performance to raise money for a children's charity. The daughters of

Prince Andrew, the second son of Queen Elizabeth II, and his former wife, Sarah, Duchess of York, danced with the Natalie Vincent Ballet School at the Theatre Royal on Sunday night to support the charity, Children in Crisis.

The first of Roald Dahl's stories to be set as opera will come to the stage Wednesday when the Los Angeles Op-

era presents the world premiere of Tobias Picker's "Fantastic Mr. Fox," with a libretto by Donald Sturrock, its director. Conducted by Peter Ash, with whimsical sets and costumes by Gerald Scarfe and with the Canadian baritone Gerald Finley in the title role, the opera about foxes versus farmers will run at the Dorothy Chandler Pavilion for seven performances through Dec. 22.

The physicist Stephen Hawking holds the Cambridge University post once held by Sir Isaac Newton. The author of "A Brief History of Time" also manages to hold the attention of Bart Simpson, a British newspaper reported. The Independent on Sunday reports that Hawking flew to Hollywood last week to film an episode of "The Simpsons," which is to be broadcast in the spring. "It's a show that has to do with intellectuals," a producer said, "and we don't know anyone more intellectual than him." Hawking suffers from Lou Gehrig's disease, and he uses an electronic synthesizer to speak.

## A New Look at a 'Forgotten' Sculptor

New York Times Service

AMSTERDAM — In the 16th and 17th centuries, emperors, kings and dukes across Europe commissioned his bronzes for palaces, gardens and churches. But after his death, his name receded from prominence. Perhaps it was because he worked outside his native Netherlands or because his style was so individual that he attracted no flock of imitators.

But today, the artist, Adriaen de Vries, will be the focus of a major retrospective at the Rijksmuseum in Amsterdam. Starting Dec. 12 and continuing until March 14, this show, "Adriaen de Vries. 1556-1626: Imperial Sculptor," assembles 30 De Vries bronzes, 70 percent of his known work, from public and private sources, ranging from the Louvre in Paris and the Metropolitan Museum of Art in New York to the collection of Queen Elizabeth II of Britain.



President Clinton greeting Shirley Temple Black at the White House.



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